UNIT I   INTRODUCTION TO MANAGEMENT AND ORGANIZATIONS
Definition of Management-Science or Art-Manager Vs Entrepreneur-types of managers-Managerial roles and skills-Evolution of Management-Scientific, human relations, system and contingency approaches-Types of Business organization-Sole proprietorship, partnership, company-Public and private sector enterprises-Organization culture and Environment-Current trends and issues in Management

	UNIT I - PART A
1	**Define Management**. **(May 2008, May 2016, May 2017, May 2019, Dec 2018, Dec 2021)**
	Management is the administration of an organization, whether it is a business, a non-profit organization, or a government body. It is the art and science of managing resources of the business. According to Koontz and Weilhrich "Management is process of designing and maintaining of an environment in which individuals working together in groups, efficiently and efficiently attain the organizational goals."
2	**Write the functions of management.** (May 2016, Dec 2017)
	At the most fundamental level, management is a discipline that consists of a set of five general functions: planning, organizing, staffing, leading, and controlling. These five functions are part of a body of practices and theories on how to be a successful manager.
3	**State the roles of Manager.** (May 2010, May 2014, Dec 2016, Dec 2018)
	P – Planning; O – Organizing; S – Staffing D – Directing; CO – Coordinating; R – Reporting; B – Budgeting
4	**What are the various skills required by a manager?** (Dec 2018)
	Managers require three kinds of skills- Technical Skill – Knowledge of and proficiency in working with tools and technology-Human Skill – Ability to work with people-Conceptual Skill – Ability to recognize important element in a situation and understand its relationship.
5	**Mention some features regarding the nature of Management.**
	1) Management is a continuous process. 2) Managers use the resources of the organization both physical as well as human to achieve the goals. 3) Management aims at achieving the organization goals by ensuring effective use of resources.

6	**Define Productivity. (May 2009, May 2014)**
	Productivity is a measure of economic performance that compares the amount of goods and services produced (output) with the input used to produce those goods and services. It signifies the effectiveness and efficiency in individual and organizational performance (within a time, considering required quality in both operational and financial health of an organization)
7	**What is Effectiveness &Efficiency? (Dec 2010)**
	Effectiveness is the achievement of objectives and Efficiency is the achievement of the ends with the least amount of resources. Effectiveness is doing right things & efficiency is doing things rightly.
8	**What are management levels?**
	Management levels can be classified into
	• Administrative, Managerial, or Top Level of Management. This level of management consists of an organization's board of directors and the chief executive or managing director. ... • Executive or Middle Level of Management. ... • Supervisory, Operative, or Lower Level of Management.
9	**Write some important functions of top level management. (May 2007)**
	Formulate goals (long term and short term) and policies (quality policy and management policy) of the organization; formulate budgets (financial and operational) and appoint top functional administrative executives
10	**What is Social responsibility?**
	Social responsibility is the part of the management to initiate actions to protect the interest of the society. Managing here implies monitoring of natural resources (preservation, adopting biodegradation technologies, green concepts and recycling initiatives) and initiative towards green manufacturing.
11	**Write Fayol's fourteen principles of management.**
	1)Division of work. 2) Authority and Responsibility. 3) Discipline. 4) Unity of command. 5) Unity of direction. 6) Subordination of Individual interest to general interest. 7) Remuneration. 8) Centralization 9) Scalar chain. 10) Order. 11) Equity. 12) Stability of Tenure. 13) Initiative. 14) Esprit de Corps.
12	**What is scalar chain?**
	A clear line of communication is very important for any organization to achieve its objectives. The communication has to flow in an order for it to be effective. Scalar chain

	identifies that path. These instructions and orders should be sent from the top management to the lower management. The chain of command therefore should be well defined for achieving operational excellence on par with quality performance. The directions for the financial year would be communicated effectively using the chain of command.
13	**Explain: Management is both —a science and an art.** Management is science because of several reasons—it has universally accepted principles, it has cause and effect relationship, etc., and at the same time it is art as it requires perfection through practice, practical knowledge, creativity, personal skills, etc. Management is both art and science.
14	**What is Esprit-de-corps?** Esprit De Corps means union is strength. It is one of the fourteen principles of management developed by Fayol. He emphasized on the teamwork. According to him, management must develop a sense of belongingness amongst the employees so that they can contribute maximum to achieve the team goals set by the management.
15	**List out the claimants of the business enterprise.** A person who requests or receives payment of money that a government, organization, or company owes them is known as a claimant. Examples of general claimants in business are 1)Shareholders. 2) Employees. 3) Customers. 4) Creditors. 5) Suppliers. 6) Government.
16	**What are the major contributions of Taylor?** The major contributions of F.W.Taylor are as follows; He developed the principle of division of labor/work, method study; time study; and he developed certain principles to breakup each job into small independent elements; the concept of fair day's work; functional organization was also suggested by him.
17	**What is time study?** Time study refers to the measuring of (under controlled conditions) the time for completing a particular task (process time) using specific Methods and Materials. This will be useful in arriving at a scientific standard for each work task in the marketing process. The same shall be used for arriving at the selling price of the product, labor utilization, company improvement activities and setting benchmarks in functional streams of the organization.

| 18	**What is motion study?**
	Motion study is a systematic way of determining the best method of doing the work by scrutinizing the motions made by the worker or the machine. As per Gilbreath it is the science of eliminating the wastefulness due to unnecessary motions. He was interested in finding the one best way to do the job.
19	**Define partnership.**
	Under the Indian Partnership Act of 1932, Partnership is defined as –"the agreed relation between persons who have agreed to share the profits and liabilities of a business carried on by all or by any one of them acting for all".
20	**What do you mean by 'unity of command'?** **(Dec 2010)**
	Unity of command is an important principle proposed by Henry Fayol. This implies that an employee should receive orders from one superior only. This is referred to as Chain of Command and always the direction or flow of orders defines effective communication practices in an organization. Otherwise, authority, discipline, order, and stability are threatened.
21	**What is Centralization? (Dec 2018)**
	The organization is centralized when the power is concentrated in the hands of few people. This will affect the transparency and create lacuna in decision making that will hamper the growth and development of an organization and the pace with which the company shall compete with its competitors.
22	**What is Decentralization?** **(May 2016)**
	An organization considered to be decentralized when the power is fully distributed to the subordinates of the organization. This will increase the transparency and effective communication and eliminates chaos and confusion with data disparity.
23	**Write any two functions of middle level management.**
	To train, motivate and develop employees to supervisory level; To monitor and control the operations performance. Apart from this the general roles of middle level managers are i) Interpreting Policies (ii) Preparing Organizational Set-up (iii) Appointing Employees (iv) Issuing Instructions (v) Motivating Employees (vi) Creating Cooperation

24	**What is Ethics?** All individuals in business or non-business activities are concerned with some standardized form of behavior are known as ethics. Ethics is based on well-founded standards of right and wrong that prescribe what humans ought to do, usually in terms of rights, obligations, benefits to society, fairness, or specific virtues.
25	**What is an Organizational culture? (May 2017)** *Organizational culture* is a system of shared assumptions, values, and beliefs, which governs how people behave in *organizations*. These shared values have a strong influence on the people in the *organization* and dictate how they dress, act, and perform their jobs.
26	**Give the current trends in management. (Dec 2016)** The current trends in management are globalization, technology, sustainability and corporate social responsibility, integrating psychology theory and research into management practice, Business Ecosystems, Cross functional teams, leveraging Social media
28	**Write any two points favoring management as a science. (Dec 2019)** (i) Systematized Body of Knowledge: It is necessary for science to be a systematized body of knowledge. Management is also a systematized body of knowledge because it has its own theories and principles. (ii) Cause and Effect Relationship: Scientific principles always explain the relationship between cause and effect. When it is applied to management, we come to know that the principles of management also deal with it. **(iii)** Based on Collection of Facts, Analysis and Experiments: After applying this characteristic of science to the management, we find that the development of management took years for the collection of facts, their analysis, and experiments. These conditions well suit the field of management. Hence management can be considered as a science.
29	**Write the meaning for Entrepreneur. (May 2019)** An entrepreneur is the owner of the enterprise. An entrepreneur needs to possess qualities and qualifications like high achievement motive, originality in thinking, foresight, and risk-bearing ability. Ideology of the entrepreneur plays a very vital role in defining the business objectives.

30	How does an entrepreneur differ from manager? (Dec 2019)		
	S.No	Entrepreneur	Manager
	1	The main motive of an entrepreneur is to start a venture by setting up an enterprise. He understands the venture for his personal gratification.	But, the main motive of a manager is to render his services in an enterprise already set up by someone else i.e., entrepreneur.
	2	Entrepreneur himself thinks over what and how to produce goods to meet the changing demands of the customers. Hence, he acts as an innovator also called a change agent	But, what a manager does is simply to execute the plans prepared by the entrepreneur. Thus, a manager simply translates the entrepreneur's ideas into practice.
31	Distinguish between public and private limited companies. (May 2018)		
	S.No.	Public company	Private company
	1.	A company whose shares are publicly traded and are usually held by a large number of shareholders	Business firm in the private sector of an economy, controlled and operated by private individuals.
	2.	The usual term is public limited company. A government owned company such as an airline or public transit company. Example: ONGC, Power Grid Corporation of India	Used also as an alternative term for private limited company. Reliance Corporation., Tata Steels.

UNIT I - PART B

| 1 | **Distinguish between three kinds of managerial skill and explain why managers are divided into different departments to perform their tasks more efficiently and effectively (Dec 2021) (May 2013)** |

The three levels of management are as follows
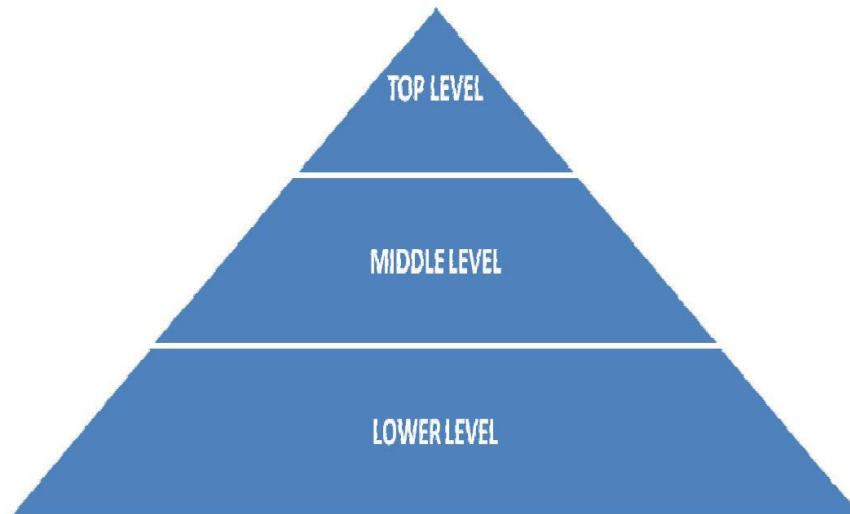
Skills Managers Need

- **Technical skills**

    Knowledge and proficiency in a specific field

- **Human skills**

    The ability to work well with other people

- **Conceptual skills**

    The ability to think and conceptualize about abstract and complex situations concerning

    the organization

Level	Roles
Top Level Management (Administration Level)	• Top management lays down the objectives and broad policies of the enterprise. • It issues necessary instructions for preparation of department budgets, procedures, schedules etc. • It prepares strategic plans & policies for the enterprise. • It appoints the executive for middle level i.e. departmental managers. • It controls & coordinates the activities of all the departments. • It is also responsible for maintaining a contact with the outside world. • It provides guidance and direction. • The top management is also responsible towards the shareholders for the performance of the enterprise.
Middle level management (Manager, Executive officer)	• They execute the plans of the organization in accordance with the policies and directives of the top management. • They make plans for the sub-units of the organization. • They participate in employment & training of lower level management. • They interpret and explain policies from top level management to lower level. • They are responsible for coordinating the activities within the division or department. • It also sends important reports and other important data to top level management. • They evaluate performance of junior managers. • They are also responsible for inspiring lower level managers towards better performance.

Level	Roles
Lower level Management (Supervisory / Operative / First-line managers)	• Assigning of jobs and tasks to various workers. • They guide and instruct workers for day to day activities. • They are responsible for the quality as well as quantity of production. • They are also entrusted with the responsibility of maintaining good relation in the organization.

2 **Explain the importance of management. How Differentiate management with administration**

Importance of Management:

- Effective Utilization of Resources
- Development of Resources
- To Incorporate Innovations
- Integrating Various Interest Groups
- Stability in the Society

Sl.No	Basis of difference	Administration	Management
1	Level in organization	Top level	Middle & lower
2	Major focus	Policy formulation & objective determination	Policy execution for objective achievement
3	Nature of functions	Determinative	Executive
4	Scope of functions	Broad & conceptual	Narrow & operational
5	Factors affecting decisions	Mostly external	Mostly internal

3	**Explain about the environmental factors affecting management policy making.**

(May2013)

Organization Environment

The organizational environment is the set of forces surrounding an organization that have the potential to affect the way it operates and its access to scarce resources. The organization needs to properly understand the environment for effective management.

Scholars have divided these environmental factors into two main parts as,

- Internal Environment,
- External Environment.

Internal Environment

The internal environment consists of the organization's owners, board of directors, regulators, physical work environment and culture. In the internal environment include strength and weakness of an organization.

Elements of internal environment are:

- Trade union
- Management
- Current employee
- Shareholders.

External Environment:

As per the Daft theory (1997) , An organization's environment is defined as all th elements existing outside the boundary of the organization that have the potential affect all or part of the organization Examples include government regulatory agencies, competitors, customers, suppliers, and pressure from the public.

Daft (1997) identified 10 environmental sectors that may have an impact of particular organizations:

1) industry, 2) raw materials, 3) human resources, 4) financial resources, 5) markets, technology, 7) general economy, 8) government/legal, 9) sociocultural, 10) international

Each of these sectors may be divided into two basic components. They are:

1) Task (Specific) Environment: 2) General Environment.

Task Environment:

Task environment is composed of the specific dimensions of the organization surrounding that are very likely to influence of the organization. It also consists of five dimensions: Competitors, Customers, and Employees, Strategic, Planners and suppliers.

General Environment:

General environment is composed of the nonspecific elements of the organization's surrounding

the might affect its activities.

(a) Economic Factor

Economic factors refer to the character and direction of the economic system within which the firm operates. Economic factors include

- The balance of payments,
- The state of the business cycle,
- The distribution of income within the population, and
- Governmental monetary and fiscal policies.

(b) Technological Factor

Technology is another aspect of the environment a firm should consider in developing strategic plans. Changing technology may affect the demand for a firm's products and services, its production processes, and raw materials. Technological changes may create new opportunities for the firm, or threaten the survival of a product, firm, or industry. Technological innovation continues to move at an increasingly rapid rate.

| 4 | **Explain the Henry Fayol's principles of management. (Nov 2019) (May 2016)** |

The principles of management are :

1. Division of work: Division of work or specialization alone can give maximum productivity and efficiency. Both technical and managerial activities can be performed in the best manner only through division of labour and specialization.

2. Authority and Responsibility: The right to give order is called authority. The obligation to accomplish is called responsibility. Authority and Responsibility are the two sides of the management coin. They exist together. They are complementary and mutually interdependent.

3. Discipline: The objectives, rules and regulations, the policies and procedures must be honoured by each member of an organization. There must be clear and fair agreement on the rules and objectives, on the policies and procedures. There must be penalties (punishment) for non-obedience or indiscipline. No organization can work smoothly without discipline - preferably voluntary discipline.

4. Unity of Command: In order to avoid any possible confusion and conflict, each member of an organization must received orders and instructions only from one superior (boss).

5. Unity of Direction: All members of an organization must work together to accomplish common objectives.

6. Emphasis on Subordination of Personal Interest to General or Common Interest: This is also called principle of co-operation. Each shall work for all and all for each. General or common interest must be supreme in any joint enterprise.

7. Remuneration: Fair pay with non-financial rewards can act as the best incentive or motivator

for good performance. Exploitation of employees in any manner must be eliminated. Sound scheme of remuneration includes adequate financial and nonfinancial incentives.

8. Centralization: There must be a good balance between centralization and decentralization of authority and power. Extreme centralization and decentralization must be avoided.

9. Scalar Chain: The unity of command brings about a chain or hierarchy of command linking all members of the organization from the top to the bottom. Scalar denotes steps.

10. Order: Fayol suggested that there is a place for everything. Order or system alone can create a sound organization and efficient management.

11. Equity: An organization consists of a group of people involved in joint effort. Hence, equity (i.e., justice) must be there. Without equity, we cannot have sustained and adequate joint collaboration.

12. Stability of Tenure: A person needs time to adjust himself with the new work and demonstrate efficiency in due course. Hence, employees and managers must have job security. Security of income and employment is a pre-requisite of sound organization and management.

13. Esprit of Co-operation: Esprit de corps is the foundation of a sound organization. Union is strength. But unity demands co-operation. Pride, loyalty and sense of belonging are responsible for good performance.

14. Initiative: Creative thinking and capacity to take initiative can give us sound managerial planning and execution of predetermined plans.

5	**Explain the contributions of FW Taylor.** **(April 2018)**
	Fredrick w Taylor (1986-1915) rested his philosophy on four basic principles.

- The development of a true science of management so that the best method for performing each task could be determined.
- The Scientific selection of workers so that the each worker would be given responsibility for the task for which he or she was best suited.
- The scientific education and development of workers.
- Intimate friendly cooperation between management and labor.

The scientific management schools

- Scientific management theory arose in part from the need to increase productivity.
- In the United States especially, skilled labor was in short supply at the beginning of the twentieth century.
- The only way to expand the productivity was to raise the efficiency of workers.
- Therefore ,Fredrick W.Taylor, Henry Gantt, and Frank and Lillian Gilberth devised the body of principles known as Scientific management theory

Taylor contended that the success of these principles required" a complete mental revolution" on

the part of management and labor. Rather than quarrel over profits both side should increase production, by so doing, he believed profits would rise to such an extent that labor have to fight over them. In short Taylor believed that management and labor had common interest in increasing productivity.

1. Taylor based his management system on production line time studies. Instead of relying on traditional work methods, he analyzed and timed steel workers movements on a series of jobs.

2. Using time study he broke each job down into its components and designed the quickest and best method of performing each component. In this way he established. How much workers to do with the equipment and materials in hand. He also encourage

Employers to pay more productive workers higher rate than others. Using a "scientifically correct "rate that would benefit both the company and workers. Thus the workers were urged to surpass their previous performance standards to earn more pay .Taylor called his plane the differential rate system.

| 6 | **Explain the role of managers in detail.** (Dec 2012) |

Roles of Manager

Interpersonal roles - Roles that involve interacting with employees and provide direction to the organization

The name suggests, involve people and other ceremonial duties. It can be further classified as follows

- **Leader** :– Responsible for staffing, training, and associated duties. Influence, motivate, and direct others as well as strategize, plan, organize, control, and develop.

- **Figurehead** :– The symbolic head of the organization. Greet visitors, Represent the company at community events.

- **Liaison** :– Maintains the communication between all contacts and informers that compose the organizational network.

Decisional roles -   Whereas interpersonal roles deal with people and informational roles deal with knowledge, decisional roles deal with action

Roles that revolve around making choices.

- **Entrepreneur**:- Seeks opportunities. Basically they search for change, respond to it, and exploit it.

- **Disturbance handler**:- Responsible for corrective action when the organization faces disturbances.

- **Resource allocator:** Makes or approves all significant decisions related to the allocation of resources.

- **Negotiator:** Represents the organization at major negotiations.

Informational roles –   Related to Collecting,   Receiving and Processing information.

- **Monitor** :– Personally seek and receive information, to be able to understand the organization.

- **Disseminator** :– Transmits all import information received from outsiders to the members of the organization.

- **Spokesperson** :– On the contrary to the above role, here the manager transmits the organization's plans, policies and actions to outsiders.

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7 | **Explain different types of business organization.**   (April 2017, April 2019, Nov 2016)

Types of Business Organizations

When organizing a new business, one of the most important decisions to be made is choosing the structure of a business.

a) Sole Proprietorships

The vast majority of small business starts out as sole proprietorships . . . very dangerous. These firms are owned by one person, usually the individual who has day-to-day responsibility for running the business. Sole proprietors own all the assets of the business and the profits generated by it. They also assume "complete personal" responsibility for all of its liabilities or debts. In the eyes of the law, you are one in the same with the business.

Merits:

- Easiest and least expensive form of ownership to organize.
- Sole proprietors are in complete control, within the law, to make all decisions.
- Sole proprietors receive all income generated by the business to keep or reinvest.
- Profits from the business flow-through directly to the owner's personal tax return.
- The business is easy to dissolve, if desired.

Demerits:

- Unlimited liability and are legally responsible for all debts against the business.
- Their business and personal assets are 100% at risk.
- Has almost been ability to raise investment funds.
- Are limited to using funds from personal savings or consumer loans.

- Have a hard time attracting high-caliber employees, or those that are motivated by the opportunity to own a part of the business.
- Employee benefits such as owner's medical insurance premiums are not directly deductible from business income (partially deductible as an adjustment to income).

b) Partnerships

In a Partnership, two or more people share ownership of a single business. Like proprietorships, the law does not distinguish between the business and its owners. The Partners should have a legal agreement that sets forth how decisions will be made, profits will be shared, disputes will be resolved, how future partners will be admitted to the partnership, how partners can be bought out, or what steps will be taken to dissolve the partnership when needed. Yes, its hard to think about a "break-up" when the business is just getting started, but many partnerships split up at crisis times and unless there is a defined process, there will be even greater problems. They also must decide up front how much time and capital each will contribute, etc.

Merits:

- Partnerships are relatively easy to establish; however time should be invested in developing the partnership agreement.
- With more than one owner, the ability to raise funds may be increased.
- The profits from the business flow directly through to the partners' personal taxes.
- Prospective employees may be attracted to the business if given the incentive to become a partner.

Demerits:

- Partners are jointly and individually liable for the actions of the other partners.
- Profits must be shared with others.
- Since decisions are shared, disagreements can occur.
- Some employee benefits are not deductible from business income on tax returns.
- The partnerships have a limited life; it may end upon a partner withdrawal or death.

c) Corporations

A corporation, chartered by the state in which it is headquartered, is considered by law to be a unique "entity", separate and apart from those who own it. A corporation can be taxed; it can be sued; it can enter into contractual agreements. The owners of a corporation are its shareholders. The shareholders elect a board of directors to oversee the major policies and decisions. The corporation has a life of its own and does not dissolve when ownership changes.

Merits:

- Shareholders have limited liability for the corporation's debts or judgments against the corporations.

- Generally, shareholders can only be held accountable for their investment in stock of the company. (Note however, that officers can be held personally liable for their actions, such as the failure to withhold and pay employment taxes.)

- Corporations can raise additional funds through the sale of stock.

- A corporation may deduct the cost of benefits it provides to officers and employees.

- Can elect S corporation status if certain requirements are met. This election enables company to be taxed similar to a partnership.

Demerits:

- The process of incorporation requires more time and money than other forms of organization.

- Corporations are monitored by federal, state and some local agencies, and as a result may have more paperwork to comply with regulations.

- Incorporating may result in higher overall taxes. Dividends paid to shareholders are not deductible form business income, thus this income can be taxed twice.

d) Joint Stock Company:

Limited financial resources & heavy burden of risk involved in both of the previous forms of organization has led to the formation of joint stock companies these have limited dilutives.

The capital is raised by selling shares of different values. Persons who purchase the shares are called shareholder. The managing body known as; Board of Directors; is responsible for policy making important financial & technical decisions. There are two main types of joint stock Companies.

- Private limited company.
- Public limited company

Private limited company: This type company can be formed by two or more persons. Te maximum number of member ship is limited to 50. In this transfer of shares is limited to members only. The government also does not interfere in the working of the company.

Public Limited Company: Its is one whose membership is open to general public. The minimum number required to form such company is seven, but there is no upper limit. Such company's can advertise to

offer its share to genera public through a prospectus. These public limited companies are subjected to greater control & supervision of control.

Merits:

- The liability being limited the shareholder bear no Rick& therefore more as make persons are encouraged to invest capital.

- Because of large numbers of investors, the risk of loss is divided.

- Joint stock companies are not affected by the death or the retirement of the shareholders.

Disadvantages:

- It is difficult to preserve secrecy in these companies.
- It requires a large number of legal formalities to be observed.
- Lack of personal interest.

e) Public Corporations:

A public corporation is wholly owned by the Government centre to state. It is established usually by a Special Act of the parliament. Special statute also prescribes its management pattern power duties & jurisdictions. Though the total capital is provided by the Government, they have separate entity & enjoy independence in matters related to appointments, promotions etc.

Merits:

- These are expected to provide better working conditions to the employees & supported to be better managed.
- Quick decisions can be possible, because of absence of bureaucratic control.
- More Flexibility as compared to departmental organization.
- Since the management is in the hands of experienced & capable directors & managers, these ate managed more efficiently than that of government departments.

Demerits:

- Any alteration in the power & Constitution of Corporation requires an amendment in the particular Act, which is difficult & time consuming.
- Public Corporations possess monopoly & in the absence of competition, these are not interested in adopting new techniques & in making improvement in their working.

f) Government Companies:

A state enterprise can also be organized in the form of a Joint stock company; A government company is any company in which of the share capital is held by the central government or partly by central government & party by one to more state governments. It is managed b the elected board of directors which may include private individuals. These are accountable for its working to the concerned ministry or department & its annual report is required to be placed ever year on the table of the parliament or state legislatures along with the comments of the government to concerned department.

Merits:

- It is easy to form.
- The directors of a government company are free to take decisions & are not bound by certain rigid rules & regulations.

	Demerits: • Misuse of excessive freedom cannot be ruled out. • The directors are appointed by the government so they spend more time in pleasing their political masters & top government officials, which results in inefficient management.
8	**Discuss the management functions as related to trends and challenges in management of global scenario. (Nov 2019)** The management functions are planning and decision making, organizing. leading, and controlling — are just as relevant to international managers as to domestic managers. International managers need to have a clear view of where they want their firm to be in the future; they have to organize to implement their plans: they have to motivate those who work lot them; and they have to develop appropriate control mechanisms. **a) Planning and Decision Making in a Global Scenario** To effectively plan and make decisions in a global economy, managers must have a broad-based understanding of both environmental issues and competitive issues. They need to understand local market conditions and technological factor that will affect their operations. At the corporate level, executives need a great deal of information to function effectively. Which markets are growing? Which markets are shrinking? Which are our domestic and foreign competitors doing in each market? They must also make a variety of strategic decisions about their organizations. For example, if a firm wishes to enter market in France, should it buy a local firm there, build a plant, or seek a strategic alliance? Critical issues include understanding environmental circumstances, the role of goals and planning in a global organization, and how decision making affects the global organization. **b) Organizing in a Global Scenario** Managers in international businesses must also attend to a variety of organizing issues. For example, General Electric has operations scattered around the globe.The firm has made the decision to give local managers a great deal of responsibility for how they run their business. In contrast, many Japanese firms give managers of their foreign operations relatively little responsibility. As a result, those managers must frequently travel back to Japan to present problems or get decisions approved. Managers in an international business must address the basic issues of organization structure and design, managing change, and dealing with human resources. **c) Leading in a Global Scenario** We noted earlier some of the cultural factors that affect international organizations. Individual managers must be prepared to deal with these and other factors as they interact people from

different cultural backgrounds .Supervising a group of five managers, each of whom is from a different state in the United States, is likely to be much simpler than supervising a group of five managers, each of whom is from a different culture. Managers must understand how cultural factors affect individuals. How motivational processes vary across cultures, how the role of leadership changes in different cultures, how communication varies across cultures, and how interpersonal and group processes depend on cultural background.

d) Controlling in a Global Scenario

Finally, managers in international organizations must also be concerned with control. Distances, time zone differences, and cultural factors also play a role in control. For example, in some cultures, close supervision is seen as being appropriate, whereas in other cultures, it is not Like-wise, executives in the United States and Japan may find it difficult to communicate vital information to one another because of the time zone differences. Basic control issues for the international manager revolve around operations management productivity, quality, technology and information systems.

9	**Is Management art or science? Discuss. (Apr 2019)**

The best response to the question of whether management is an art or a science is that it is both. Managing, like all other practices (e.g., music composition, medicine, or even tennis) is an art. To manage effectively, peoples must have not only the necessary abilities to lead but also a set of critical skills acquired through time, experience, and practice. If we define art as a personal aptitude or skill, then management has certain artistic components.

On the other hand, the organized knowledge underlying the practice may be referred to as a science. To perform at high levels in a variety of situations, managers must be able to draw on the sciences - particularly economics, sociology, mathematics, political science, psychology, and political science - for assistance and guidance.

The tasks of modern managers require the use of techniques, practices, and skills. In this context science and art not mutually exclusive but complementary.

Management as an Art

Art involves the systematic application of theoretical knowledge and personal skills to achieve desired results. The function of art is to effect change and to bring about desired results through deliberate efforts. Art represents 'how' of human behaviour because it is the know-how to accomplish concrete practical results.

Art is a personalized process as every artist has his own style. Art is essentially creative and the success of an artist is measured by the results he achieves. A carpenter making furniture out of |

wood and a goldsmith shaping gold into ornaments are examples of art.

Art prescribes how to do things and it can be improved through continuous practice. Art is result-oriented involving practical way of doing specific things. It consists of bringing about desired results through the use of skills. Art involves practical application of theoretical knowledge.

Management is essentially an art because of the following reasons:

(a) The process of management involves the use of knowledge and skills. Every manager has to apply certain knowhow and skills while dealing with people.

(b) Management seeks to achieve concrete practical results, e.g., profits, service, etc. According to Prof. John F. Mee, "management is the art of securing maximum results with a minimum of effort so as to secure maximum prosperity and happiness for both employer and employee and give the public best possible service."

(c) Like any other art, management is creative. It brings out new situations and makes resources productive. In fact, management is one" of the most creative arts because it requires molding and welding the attitudes and behavior of people at work for the accomplishment of specific goals in a changing environment. It is the art of securing desired response from people. Management makes things happen.

(d) Like any other art, management is a personalized process. Every manager has his own approach and technique depending upon his perception and the environmental conditions.

(e) As an art, management requires judgment and skills. The art of management can be refined with continuous practice of management theories and principles.

The art of management is as old as human civilization. The importance of management art has increased with rapid growth in the number size and complexity of organizations.

Management as a Science:

Science is an organized or systematized body of knowledge pertaining to a particular field of enquiry. Science is systematized in the sense that it establishes cause and effect relationship between different variables. Such systematized body of knowledge contains concepts, principles and theories which help to explain past events and to predict the outcome of specific actions. These principles are capable of universal application, i.e., they can be applied under different situations. They represent fundamental truths derived through empirical results. These principles or basic truths are developed through scientific methods of continuous observation, experiment and testing.

When generalizations or hypotheses are empirically verified for accuracy through continuous observation and experimentation they become principles. Science explains 'why' of human behavior.

Management is a science because it contains all the characteristics of science.

Firstly, there is a systematized body of knowledge in management. Principles are now available in every function of management and these principles help to improve managerial effectiveness. For instance, there are a number of principles which serve as guidelines for delegating authority and thereby designing an effective organization structure. Similarly, there are several techniques (ways of doing things) in the field of management.

Budgeting, cost accounting, ratio analysis, rate of return on investment, critical path method (CPM), programmed evaluation and review technique (PERT) are some of these techniques which facilitate better management. Secondly, principles of management have been developed through continuous observations and empirical verification. Thirdly, management principles are capable of universal application.

10	**Elucidate about the evolution of management thought. (Dec 2021)**

The practice of management is as old as human civilization. The ancient civilizations of Egypt (the great pyramids), Greece (leadership and war tactics of Alexander the great) and Rome displayed the marvelous results of good management practices. The origin of management as a discipline was developed in the late 19th century. Overtime, management thinkers have sought ways to organize and classify the voluminous information about management that has been collected and disseminated. The different approaches of management are

- Classical approach,
- Behavioral approach,
- Quantitative approach,
- Systems approach,
- Contingency approach.

1 The Classical Approach

The classical approach is the oldest formal approach of management thought. Its roots pre-date the twentieth century. The classical approach of thought generally concerns ways to manage work and organizations more efficiently. Three areas of study that can be grouped under the classical approach are scientific management, administrative management, and bureaucratic management.

2 The Behavioral Approach

The behavioral approach of management thought developed, in part, because of perceived weaknesses in the assumptions of the classical approach. The classical approach emphasized efficiency, process, and principles. Some felt that this emphasis disregarded important aspects of organizational life, particularly as it related to human behavior. Thus, the behavioral approach focused on trying to understand the factors that affect human behavior at work.

3 The Quantitative Approach

The quantitative approach focuses on improving decision making via the application of quantitative techniques. Its roots can be traced back to scientific management.

(i) Management Science (Operations Research)

Management science (also called operations research) uses mathematical and statistical approaches to solve management problems. It developed during World War II as strategists tried to apply scientific knowledge and methods to the complex problems of war. Industry began to apply management science after the war.

(ii) Production and Operations Management

This approach focuses on the operation and control of the production process that transforms resources into finished goods and services. It has its roots in scientific management but became an identifiable area of management study after World War II. It uses many of the tools of management science. Operations management emphasizes productivity and quality of both manufacturing and service organizations.

4 Systems Approach

The simplified block diagram of the systems approach is given below. The systems approach focuses on understanding the organization as an open system that transforms inputs into outputs. The systems approach began to have a strong impact on management thought in the 1960s as a way of thinking about managing techniques that would allow managers to relate different specialties and parts of the company to one another, as well as to external environmental factors. The systems approach focuses on the organization as a whole, its interaction with the environment, and its need to achieve equilibrium

5 Contingency Approach

The contingency approach focuses on applying management principles and processes as dictated by the unique characteristics of each situation. It emphasizes that there is no one best way to manage and that it depends on various situational factors, such as the external environment, technology, organizational characteristics, characteristics of the manager, and characteristics of the subordinates. Contingency theorists often implicitly or explicitly criticize the classical approach for its emphasis on the universality of management principles; however, most classical writers recognized the need to consider aspects of the situation when applying management principles.

UNIT I - PART C

1 | **Management is the art of getting work done through people". Explain the various function of management in the light of the statement.** (April 2017, Nov 2019)

Management is a set of principles relating to the functions of planning, organizing, directing, and controlling, and the applications of these principles in harnessing physical, financial, human and informational resources efficiently and effectively to achieve organizational goals.

Planning

It is the basic function of management. It deals with chalking out a future course of action & deciding in advance the most appropriate course of actions for achievement of pre-determined

goals. According to KOONTZ, "Planning is deciding in advance – what to do, when to do & how to do. It bridges the gap from where we are & where we want to be". A plan is a future course of actions. It is an exercise in problem solving & decision making. Planning is determination of courses of action to achieve desired goals. Thus, planning is a systematic thinking about ways & means for accomplishment of pre-determined goals. Planning is necessary to ensure proper utilization of human & non-human resources. It is all pervasive, it is an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, wastages etc.

Organizing

It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organizational goals. According to Henry Fayol, "To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel's". To organize a business involves determining & providing human and non-human resources to the organizational structure. Organizing as a process involves:

- Identification of activities.
- Classification of grouping of activities.
- Assignment of duties.
- Delegation of authority and creation of responsibility.
- Coordinating authority and responsibility relationships.

Staffing/Leading

It is the function of manning the organization structure and keeping it manned. Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc. The main purpose of staffing is to put right man on right job i.e. square pegs in square holes and round pegs in round holes. According to Kootz & O'Donell, "Managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal & development of personnel to fill the roles designed to the structure". Staffing involves:

- Manpower Planning (estimating man power in terms of searching, choose the person and giving the right place).
- Recruitment, selection & placement.
- Training & development.
- Remuneration.
- Performance appraisal.

Promotions & transfer

Directing

It is that part of managerial function which actuates the organizational methods to work efficiently for achievement of organizational purposes. It is considered life-spark of the enterprise which sets it in motion the action of people because planning, organizing and staffing are the mere preparations for doing the work. Direction is that inert-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating sub-ordinate for the achievement of organizational goals.

Direction has following elements:

• Supervision

• Motivation

• Leadership

Communication

Controlling

It implies measurement of accomplishment against the standards and correction of deviation if any to ensure achievement of organizational goals. The purpose of controlling is to ensure that everything occurs in conformities with the standards. An efficient system of control helps to predict deviations before they actually occur. According to Theo Haimann, "Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and acting if necessary, to correct any deviation". According to Koontz & O'Donell "Controlling is the measurement & correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished".

Therefore controlling has following steps:

• Establishment of standard performance.

• Measurement of actual performance.

• Comparison of actual performance with the standards and finding out deviation if any.

• Corrective action.

	UNIT II - PLANNING
	Nature and purpose of planning-Planning process-Types of planning-Objectives-Setting objectives-Policies-Planning premises-Strategic Management-Planning tools and Techniques – Decision making steps and process

UNIT II - PART A

1	**Define planning.** (May 2008, May 2016, May 2019)
	Planning is the function of management that involves setting objectives and determining a course of action for achieving those objectives. Planning requires that managers be aware of business environmental conditions facing their organization and forecast future conditions.
2	**What are the types of planning?**
	The 4 Types of Plans are
	• Operational Planning.
	• Strategic Planning.
	• Tactical Planning.
	• Contingency Planning.
3	**What are the Qualities of good plan?**
	Simple, logical, flexible, practical and stable are some of the essential qualities of a good plan. It must be comprehensive and integrated.
4	**What are Rules?**
	It determines the acts which are to be performed or not to be performed, within the organization. It is indicated in the form of orders, warnings, prohibitions and norms, so as to maintain discipline or to standardize or restrain, the behavior of individual and group.
5	**Define Procedure.**
	It is a series of related tasks that comes up in a chronological sequence and the established way of performing the work to be accomplished. Procedure takes care of project shortcomings and accommodates flexibility in executing the project time plan. Procedure gives a clear set of instructions on how to perform the tasks.
6	**Define Budget.**
	Budget is termed as a financial plan for the a financial year, prepared by an organization based on business forecast, customer demand, market fluctuations, administrative, overhead expenses and internal objectives. This will give directions to the management to raise capital investment through various means to feed the project thus aligning with the objectives and vision of the company.

7	**Define Objectives.** **(Dec 2009)**
	Objectives are set of goals that aligns with the guidelines of MBO (management by objective) communicated across the organization to guide the efforts of the company and each of its components, that will streamline the organization giving definitive and clear cut directions with which the organization shall move forward.
8	**What is MBO? (Dec 2016, Dec 2017)**
	MBO- Management by Objective. It is a process whereby the superior (management/board of directors) and subordinate of an organization jointly identify common goals define each individual's major areas of responsibility in terms of results expected of him and use this measures as guides for operating the unit /organization and assessing the contribution of each of its members.
9	**What is TOWS matrix?**
	It is a conceptual frame work for systematic analysis, which facilitates matching the external threats and opportunities (SWOT-Strength; Weaknesses; Opportunity and Threats) with the internal weakness and strength of the organization. This will facilitate check and balances that an organization or the project team needs to initiate for hurdle free execution of the project/goals.
10	**Define Strategy Planning.** **(Dec 2010, May 2014)**
	Strategic planning is an organization's process of defining its strategy or direction and making decisions on allocating its resources to attain strategic goals. It may also extend to control mechanisms for guiding the implementation of the strategy. . Strategy will be time based and measured for pros and cons to eliminate hurdles or constraints that hamper the transformation process which will make the strategy into a workable solution.
11	**What are Policies? (May 2007, May 2014, Dec 2016)**
	Policies are Verbal, written, or implied overall guidelines setting up boundaries that supply the general limits and direction in which managerial action will take place. The company policy is framed thinking upon the vision statement and streamlined by definitive directions towards achieving the prime objectives like inclusive growth, financial stability, and market capitalization.
12	**State different strategies of Porter's generic strategy.**
	Overall cost leadership strategy, differentiation strategy and focused strategy are the strategies of Porter.

13	**Define Planning Premises. (May 2008, May 2018)**
	Anticipated environment in which plans are expected to operate. They include assumptions or forecasts of the future and known conditions that will affect the operation of plans. The environment here implies conducive which will promote businesses and arena for new innovations that will bring brand equity and presence in the domestic and international market.
14	**Define MIS. (Dec 2009)**
	Management Information System or 'MIS' is a planned system of collecting, storing, analyzing, and disseminating data in the form of information needed to carry out the functions of management. The goals of an MIS are to implement the organizational structure and dynamics of the enterprise for the purpose of managing the organization in a better way and capturing the potential of the information system for competitive advantage.
15	**Explain the term decision making. (May 2016, Dec 2018)**
	It is a process of selection from a set of alternative courses of action which is thought to fulfill the objectives of the decision problem more satisfactory than others. The risk involved in decision making or decisions made needs mitigation plans to augur future delays and losses that may happen if the decision proves wrong.
16	**What are the classifications of budget? (Dec 2021)**
	Functional classification- Sales, production, cash, capital and master budget; Time classification- Short term, current and long term budget; Activity level- Fixed and flexible budget.
17	**What are zero base budgets or ZBB?**
	Initially the budget is designed from a zero base. The main element of ZBB is future objective orientation.
	This ZBB would provide elementary capital/investment projection that the management or board require to arrange (through own, funded agencies, financial institutions, PSU and Banks) for supporting the business.
18	**What is DSS? (Dec 2010)**
	A decision support system (DSS) is a computerized program that analyze the data in an organization or business, enabling managers to decide courses of action. DSS – Use computers to facilitate the decision-making process of semi structured tasks. This will be liked with MIS and thus warrants for actions to be taken irrespective of priorities and will limit misunderstandings among employees in carrying out the work based on priorities.

19	**Benefits of planning.** (May 2008)
	Emphasis on objectives, minimization of uncertainty, facilitates control, improves coordination, secures the economy, ensures healthy environment, encourages innovation and improves competitive strength.
20	**What is the purpose/objective of planning? (May 2017, Dec 2017)**
	To determine the direction (guidelines) of an organization, to minimize wastages, to reduce the risk or uncertainty, to facilitate control over operations and finance of a company, manpower utilization and societal considerations.
21	**List the planning tools in business management.** (May 2017)
	• SWOT Analysis. The SWOT analysis is a strategic management tool used to identify the business's place in the market. • Gap Analysis. A gap analysis monitors your progress toward strategic goals... • PEST Analysis. • Five Forces Analysis.
22	**What is intuitive decision making? (May 2018)**
	Intuition is receiving input and ideas without knowing exactly how and where you got them from. Intuitive decision making is far more than using common sense because it involves additional sensors to perceive and be aware of the information from outside. Sometimes it is referred to as gut feeling, sixth sense, inner sense, instinct, inner voice, spiritual guide, etc. It is related to developing a higher consciousness in order to train these sensors and to make the process of receiving information intuitively as a more conscious one.
23	**What is the meaning of Strategic management?** (May 2019)
	Strategic management is the continuous planning, monitoring, analysis and assessment of all that is necessary for an organization to meet its goals and objectives. Fast-paced innovation, emerging technologies and customer expectations force organizations to think and make decisions strategically to remain successful. The strategic management process helps company leaders assess their company's present situation, chalk out strategies, deploy them and analyze the effectiveness of the implemented strategies. The strategic management process involves analyzing cross-functional business decisions prior to implementing them. Strategic management typically involves: • Analyzing internal and external strengths and weaknesses • Formulating action plans • Executing action plans Evaluating to what degree action plans have been successful and making changes when desired results are not being produced.

24	**What is meant by Strategy? (Dec 2019)**
	Strategy of an organization is the program of action and deployment of resources to attain its objectives. It involves setting goals and priorities, determining actions to achieve the goals, and mobilizing resources to execute the actions. A strategy describes how the ends (goals) will be achieved by the means (resources).
25	**What are the techniques useful while evaluating alternatives? (Dec 2019)** • Quantitative and Qualitative analysis • Marginal analysis • Cost effectiveness analysis
26	**Identify Internal and External planning premises . (Dec 2021)** Internal Premises come from the business itself. It includes the skills of the labor force, investment policies of the company, management style, sales forecasts, etc. External Premises come from the external environment. That is economic, technological, social, political and even cultural environment.
27	**Differentiate MBO from MBE. (Dec 2021)**

S. NO	MANAGEMENT BY OBJECTIVES	MANAGEMENT BY EXCEPTION
1.	MBO is a process of defining objectives within an organization so that management and employee agree to the objectives and understand what they need to do in the organization	MBE is policy by which management devotes its time to investigate only those situation in which actual result differs significantly from planned results.
2.	Employee participation is high on decision making	Employee Participation is minimal on decision making
3.	No responsibility ambiguity as responsibilities are clearly assigned.	Responsibility ambiguity as clearly assigned
4.	Dependency on one group or department is low	Dependency on one group or department is high

UNIT II – PART B

1	**Analyze the importance of planning and also explain the steps involved in it.**

(Dec 2012, May 2014, May 2017, May 2019, Dec 2019)

The various steps involved in planning are given below

Planning Process

a) Perception of Opportunities

Although preceding actual planning and therefore not strictly a part of the planning process, awareness of an opportunity is the real starting point for planning. It includes a preliminary look at possible future opportunities and the ability to see them clearly and completely, knowledge of where we stand in the light of our strengths and weaknesses, an understanding of why we wish to solve uncertainties, and a vision of what we expect to gain. Setting realistic objectives depends on this awareness. Planning requires realistic diagnosis of the opportunity situation.

b) Establishing Objectives

The first step in planning itself is to establish objectives for the entire enterprise and then for each subordinate unit. Objectives specifying the results expected indicate the end points of what is to be done, where the primary emphasis is to be placed, and what is to be accomplished by the network of strategies, policies, procedures, rules, budgets and programs.

Enterprise objectives should give direction to the nature of all major plans which, by reflecting these objectives, define the objectives of major departments. Major department objectives, in turn, control the objectives of subordinate departments, and so on down the line. The objectives of lesser departments will be better framed, however, if subdivision managers understand the overall enterprise objectives and the implied derivative goals and if they are given an opportunity to contribute their ideas to them and to the setting of their own goals.

c) Considering the Planning Premises

Another logical step in planning is to establish, obtain agreement to utilize and disseminate critical planning premises. These are forecast data of a factual nature, applicable basic policies, and existing company plans. Premises, then, are planning assumptions – in other words, the

expected environment of plans in operation. This step leads to one of the major principles of planning.

The more individuals charged with planning understand and agree to utilize consistent planning premises, the more coordinated enterprise planning will be.

Planning premises include far more than the usual basic forecasts of population, prices, costs, production, markets, and similar matters.

Because the future environment of plans is so complex, it would not be profitable or realistic to make assumptions about every detail of the future environment of a plan.

Since agreement to utilize a given set of premises is important to coordinate planning, it becomes a major responsibility of managers, starting with those at the top, to make sure that subordinate managers understand the premises upon which they are expected to plan. It is not unusual for chief executives in well- managed companies to force top managers with differing views, through group deliberation, to arrive at a set of major premises that all can accept.

d) Identification of alternatives

Once the organizational objectives have been clearly stated and the planning premises have been developed, the manager should list as many available alternatives as possible for reaching those objectives.

The focus of this step is to search for and examine alternative courses of action, especially those not immediately apparent. There is seldom a plan for which reasonable alternatives do not exist, and quite often an alternative that is not obvious proves to be the best.

The more common problem is not finding alternatives, but reducing the number of alternatives so that the most promising may be analyzed. Even with mathematical techniques and the computer, there is a limit to the number of alternatives that may be examined. It is therefore usually necessary for the planner to reduce by preliminary examination the number of alternatives to those promising the most fruitful possibilities or by mathematically eliminating, through the process of approximation, the least promising ones.

e) Evaluation of alternatives

Having sought out alternative courses and examined their strong and weak points, the following step is to evaluate them by weighing the various factors in the light of premises and goals. One course may appear to be the most profitable but require a large cash outlay and a slow payback; another may be less profitable but involve less risk; still another may better suit the company in long–range objectives.

If the only objective were to examine profits in a certain business immediately, if the future were not uncertain, if cash position and capital availability were not worrisome, and if most factors could be reduced to definite data, this evaluation should be relatively easy. But typical

planning is replete with uncertainties, problems of capital shortages, and intangible factors, and so evaluation is usually very difficult, even with relatively simple problems. A company may wish to enter a new product line primarily for purposes of prestige; the forecast of expected results may show a clear financial loss, but the question is still open as to whether the loss is worth the gain.

f) Choice of alternative plans

An evaluation of alternatives must include an evaluation of the premises on which the alternatives are based. A manager usually finds that some premises are unreasonable and can therefore be excluded from further consideration. This elimination process helps the manager determine which alternative would best accomplish organizational objectives.

g) Formulating of Supporting Plans

After decisions are made and plans are set, the final step to give them meaning is to numberize them by converting them to budgets. The overall budgets of an enterprise represent the sum total of income and expenses with resultant profit or surplus and budgets of major balance– sheet items such as cash and capital expenditures. Each department or program of a business or other enterprise can have its own budgets, usually of expenses and capital expenditures, which tie into the overall budget.

If this process is done well, budgets become a means of adding together the various plans and also important standards against which planning progress can be measured.

h) Establishing sequence of activities

Once plans that furnish the organization with both long-range and short-range direction have been developed, they must be implemented. Obviously, the organization can not directly benefit from planning process until this step is performed.

| 2 | **Explain in detail about the classification of planning practices.** |

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(May 2013, Dec 2016)

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In the process of planning, several plans are prepared which are known as components of planning.
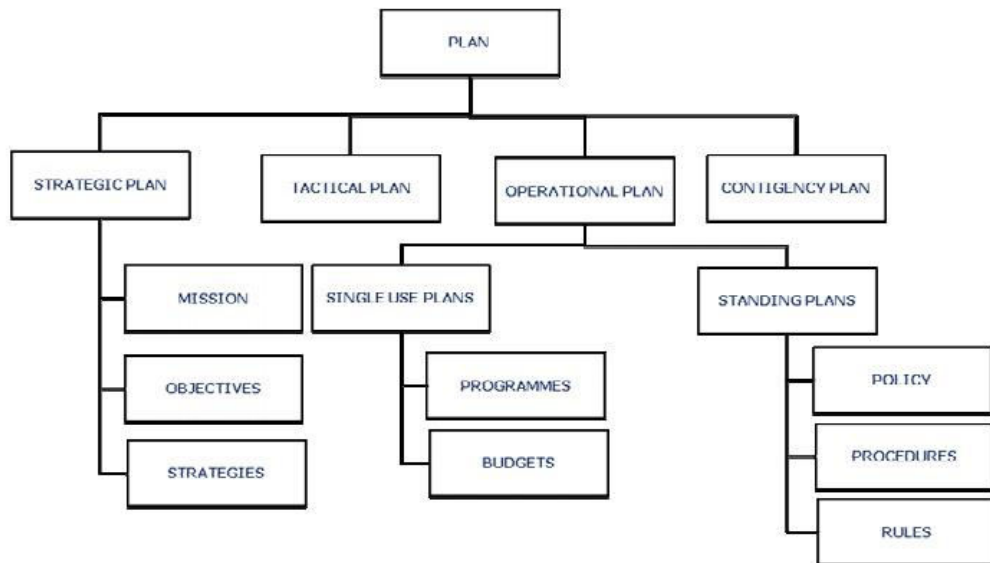
Plans can be broadly classified as

- **Strategic plans**
- **Tactical plans**
- **Operational plans**

Operational plans lead to the achievement of tactical plans, which in turn lead to the attainment of strategic plans. In addition to these three types of plans, managers should also develop a contingency plan in case their original plans fail.

a) Strategic plans

A strategic plan is an outline of steps designed with the goals of the entire organization as a whole in mind, rather than with the goals of specific divisions or departments. It is further classified as

i) Mission:

The mission is a statement that reflects the basic purpose and focus of the organization which normally remain unchanged. The mission of the company is the answer of the question : why does the organization exists?

Properly crafted mission statements serve as filters to separate what is important from what is not, clearly state which markets will be served and how, and communicate a sense of intended direction to the entire organization.

Mission of Ford: "we are a global, diverse family with a proud inheritance, providing

exceptional products and services".

ii) Objectives or goals:

Both goal and objective can be defined as statements that reflect the end towards which the organization is aiming to achieve. However, there are significant differences between the two. A goal is an abstract and general umbrella statement, under which specific objectives can be clustered. Objectives are statements that describe—in precise, measurable, and obtainable terms which reflect the desired organization's outcomes.

iii) Strategies:

Strategy is the determination of the basic long term objectives of an organization and the adoption of action and collection of action and allocation of resources necessary to achieve these goals.

Strategic planning begins with an organization's mission. Strategic plans look ahead over the next two, three, five, or even more years to move the organization from where it currently is to where it wants to be. Requiring multilevel involvement, these plans demand harmony among all levels of management within the organization. Top-level management develops the directional objectives for the entire organization, while lower levels of management develop compatible objectives and plans to achieve them. Top management's strategic plan for the entire organization becomes the framework and sets dimensions for the lower level planning.

b) Tactical plans

A tactical plan is concerned with what the lower level units within each division must do, how they must do it, and who is in charge at each level. Tactics are the means needed to activate a strategy and make it work.

Tactical plans are concerned with shorter time frames and narrower scopes than are strategic plans. These plans usually span one year or less because they are considered short-term goals. Long-term goals, on the other hand, can take several years or more to accomplish. Normally, it is the middle manager's responsibility to take the broad strategic plan and identify specific tactical actions.

c) Operational plans

The specific results expected from departments, work groups, and individuals are the operational goals. These goals are precise and measurable. "Process 150 sales applications each week" or "Publish 20 books this quarter" are examples of operational goals.

An operational plan is one that a manager uses to accomplish his or her job responsibilities. Supervisors, team leaders, and facilitators develop operational plans to support tactical plans (see the next section). Operational plans can be a single-use plan or a standing plan.

 i Single-use plans apply to activities that do not recur or repeat. A one time occurrence, such as a special sales program, is a single-use plan because it   deals with the who, what, where, how, and how much of an activity.

 Programme: Programme consists of an ordered list of events to be followed to execute a project.

 Budget: A budget predicts sources and amounts of income and how much they are used for a specific project.

ii) Standing plans are usually made once and retain their value over a period of years while undergoing periodic revisions and updates.

The following are examples of ongoing plans:

Policy: A policy provides a broad guideline for managers to follow when dealing with important areas of decision making. Policies are general statements that explain how a manager should attempt to handle routine management responsibilities. Typical human resources policies, for example, address such matters as employee hiring, terminations, performance appraisals, pay increases, and discipline.

Procedure: A procedure is a set of step-by-step directions that explains how activities or tasks are to be carried out. Most organizations have procedures for purchasing supplies and equipment, for example. This procedure usually begins with a supervisor completing a purchasing requisition. The requisition is then sent to the next level of management for approval. The approved requisition is forwarded to the purchasing department. Depending on the amount of the request, the purchasing department may place an order, or they may need to secure quotations and/or bids for several vendors before placing the order. By defining the steps to be taken and the order in which they are to be done, procedures provide a standardized way of responding to a repetitive problem.

Rule: A rule is an explicit statement that tells an employee what he or she can and cannot do. Rules are "do" and "don't" statements put into place to promote the safety of employees and the uniform treatment and behavior of employees. For example, rules about tardiness and absenteeism permit supervisors to make discipline decisions rapidly and with a high degree of fairness.

iii) Contingency plans

Intelligent and successful management depends upon a constant pursuit of adaptation, flexibility, and mastery of changing conditions. Strong management requires a "keeping all options open" approach at all times — that's where contingency planning comes in.

Contingency planning involves identifying alternative courses of action that can be implemented if and when the original plan proves inadequate because of changing circumstances.

Keep in mind that events beyond a manager's control may cause even the most carefully prepared alternative future scenarios to go awry. Unexpected problems and events frequently occur. When they do, managers may need to change their plans. Anticipating change during the planning process is best in case things don't go as expected. Management can then develop alternatives to the existing plan and ready them for use when and if circumstances make these alternatives appropriate.

3	**Explain the various techniques (types) of decision making.** **(May 2014, May 2016, Dec 2016, May 2017)** The word decision has been derived from the Latin word "decidere" which means "cutting off". Thus, decision involves cutting off of alternatives between those that are desirable and those that are not desirable. In the words of George R. Terry, "Decision-making is the selection based on some criteria from two or more possible alternatives". **Characteristics of Decision Making:** Decision making implies that there are various alternatives and the most desirable alternative is chosen to solve the problem or to arrive at expected results. • The decision-maker has freedom to choose an alternative. • Decision-making may not be completely rational but may be judgmental and emotional. • Decision-making is goal-oriented. • Decision-making is a mental or intellectual process because the final decision is made by the decision-maker. • A decision may be expressed in words or may be implied from behavior. • Choosing from among the alternative courses of operation implies uncertainty about the final result of each possible course of operation. • Decision making is rational. It is taken only after a thorough analysis and reasoning and weighing the consequences of the various alternatives. **TYPES OF DECISIONS** a) **Programmed and Non-Programmed Decisions:** Herbert Simon has grouped organizational decisions into two categories based on the procedure followed. They are:

i) Programmed decisions: Programmed decisions are routine and repetitive and are made within the framework of organizational policies and rules. These policies and rules are established well in advance to solve recurring problems in the organization. Programmed decisions have short-run impact. They are, generally, taken at the lower level of management.

ii) Non-Programmed Decisions: Non-programmed decisions are decisions taken to meet non-repetitive problems. Non-programmed decisions are relevant for solving unique/ unusual problems in which various alternatives cannot be decided in advance. A common feature of non-programmed decisions is that they are novel and non-recurring and therefore, readymade solutions are not available. Since these decisions are of high importance and have long-term consequences, they are made by top level management.

b) Strategic and Tactical Decisions: Organizational decisions may also be classified as strategic or tactical.

i) Strategic Decisions: Basic decisions or strategic decisions are decisions which are of crucial importance. Strategic decisions a major choice of actions concerning allocation of resources and contribution to the achievement of organizational objectives. Decisions like plant location, product diversification, entering into new markets, selection of channels of distribution, capital expenditure etc are examples of basic or strategic decisions.

ii) Tactical Decisions: Routine decisions or tactical decisions are decisions which are routine and repetitive. They are derived out of strategic decisions. The various features of a tactical decision are as follows:

- Tactical decision relates to day-to-day operation of the organization and has to be taken very frequently.
- Tactical decision is mostly a programmed one. Therefore, the decision can be made within the context of these variables.
- The outcome of tactical decision is of short-term nature and affects a narrow part of the organization.

The authority for making tactical decisions can be delegated to lower level managers because: first, the impact of tactical decision is narrow and of short-term nature and Second, by delegating authority for such decisions to lower-level managers, higher level managers are free to devote more time on strategic decisions.

4	**Explain the steps involved in strategy formulation and the implementation process. (Dec 2012)**

The term 'Strategy' has been adapted from war and is being increasingly used in business to reflect broad overall objectives and policies of an enterprise. Literally speaking, the term 'Strategy' stands for the war-art of the military general, compelling the enemy to fight as per out chosen terms and conditions.

According to Koontz and O' Donnell, "Strategies must often denote a general programme of action and deployment of emphasis and resources to attain comprehensive objectives". Strategies are plans made in the light of the plans of the competitors because a modern business institution operates in a competitive environment. They are a useful framework for guiding enterprise thinking and action. A perfect strategy can be built only on perfect knowledge of the plans of others in the industry. This may be done by the management of a firm putting itself in the place of a rival firm and trying to estimate their plans.

Characteristics of Strategy

It is the right combination of different factors.

- It relates the business organization to the environment.
- It is an action to meet a particular challenge, to solve particular problems or to attain desired objectives.
- Strategy is a means to an end and not an end in itself.
- It is formulated at the top management level.
- It involves assumption of certain calculated risks.

Strategic Planning Process / Strategic Formulation Process

Input to the Organization:

Various Inputs (People, Capital, Management and Technical skills, others) including goals input of claimants (Employees, Consumers, Suppliers, Stockholders, Government, Community and others)need to be elaborated.

Industry Analysis:

Formulation of strategy requires the evaluation of the attractiveness of an industry by analyzing the external environment. The focus should be on the kind of compaction within an industry, the possibility of new firms entering the market, the availability of substitute products or services, the bargaining positions of the suppliers, and buyers or customers.

Enterprise Profile:

Enterprise profile is usually the starting point for determining where the company is and where it should go. Top managers determine the basic purpose of the enterprise and clarify

the firm's geographic orientation.

Orientation, Values, and Vision of Executives:

The enterprise profile is shaped by people, especially executives, and their orientation and values are important for formulation the strategy. They set the organizational climate, and they determine the direction of the firm though their vision. Consequently, their values, their preferences, and their attitudes toward risk have to be carefully examined because they have an impact on the strategy.

Mission (Purpose), Major Objectives, and Strategic Intent:

Mission or Purpose is the answer to the question: What is our business? The major Objectives are the end points towards which the activates of the enterprise are directed. Strategic intent is the commitment (obsession) to win in the competitive environment, not only at the top-level but also throughout the organization.

Present and Future External Environment:

The present and future external environment must be assessed in terms of threats and opportunities.

Internal Environment:

Internal Environment should be audited and evaluated with respect to its resources and its weaknesses, and strengths in research and development, production, operation, procurement, marketing and products and services. Other internal factors include human resources and financial resources as well as the company image, the organization structure and climate, the planning and control system, and relations with customers.

Development of Alternative Strategies:

Strategic alternatives are developed on the basis of an analysis of the external and internal environment. Strategies may be specialize or concentrate. Alternatively, a firm may diversify, extending the operation into new and profitable markets. Other examples of possible strategies are joint ventures, and strategic alliances which may be an appropriate strategy for some firms.

Evaluation and Choice of Strategies:

Strategic choices must be considered in the light of the risk involved in a particular decision. Some profitable opportunities may not be pursued because a failure in a risky venture could result in bankruptcy of the firm. Another critical element in choosing a strategy is timing. Even the best product may fail if it is introduced to the market at an inappropriate time.

Medium/Short Range Planning, Implementation through Reengineering the Organization Structure, Leadership and Control:

Implementation of the Strategy often requires reengineering the organization, staffing the

	organization structure and providing leadership. Controls must also be installed monitoring performance against plans.
	Consistency Testing and Contingency Planning:
	The last key aspect of the strategic planning process is the testing for consistency and preparing for contingency plans.
5	**List out the features of planning and explain it. (May 2016)**
	PLANNING - DEFINITION
	According to Koontz O'Donnel - "Planning is an intellectual process, the conscious determination of courses of action, the basing of decisions on purpose, acts and considered estimates".
	NATURE OF PLANNING
	Planning is goal-oriented: Every plan must contribute in some positive way towards the accomplishment of group objectives. Planning has no meaning without being related to goals.
	Primacy of Planning: Planning is the first of the managerial functions. It precedes all other management functions.
	Pervasiveness of Planning: Planning is found at all levels of management. Top management looks after strategic planning. Middle management is in charge of administrative planning. Lower management has to concentrate on operational planning.
	Efficiency, Economy and Accuracy: Efficiency of plan is measured by its contribution to the objectives as economically as possible. Planning also focuses on accurate forecasts.
	Co-ordination: Planning co-ordinates the what, who, how, where and why of planning. Without co-ordination of all activities, we cannot have united efforts.
	Limiting Factors: A planner must recognize the limiting factors (money, manpower etc) and formulate plans in the light of these critical factors.
	Flexibility: The process of planning should be adaptable to changing environmental conditions.
	Planning is an intellectual process: The quality of planning will vary according to the quality of the mind of the manager.
	PURPOSE OF PLANNING
	As a managerial function planning is important due to the following reasons:-
	To manage by objectives: All the activities of an organization are designed to achieve certain specified objectives. However, planning makes the objectives more concrete by focusing attention on them.
	To offset uncertainty and change: Future is always full of uncertainties and changes. Planning foresees the future and makes the necessary provisions for it.

To secure economy in operation: Planning involves, the selection of most profitable course of action that would lead to the best result at the minimum costs.

To help in co-ordination: Co-ordination is, indeed, the essence of management, the planning is the base of it. Without planning it is not possible to co-ordinate the different activities of an organization.

To make control effective: The controlling function of management relates to the comparison of the planned performance with the actual performance. In the absence of plans, a management will have no standards for controlling other's performance.

To increase organizational effectiveness: Mere efficiency in the organization is not important; it should also lead to productivity and effectiveness. Planning enables the manager to measure the organizational effectiveness in the context of the stated objectives and take further actions in this direction.

Features of Planning

- It is primary function of management
- It is an intellectual process
- Focuses on determining the objectives
- Involves choice and decision making
- It is a continuous process
- It is a pervasive function

Classification of Planning

On the basis of **content**

Strategic Planning

– It is the process of deciding on Long-term objectives of the organization.

– It encompasses all the functional areas of business.

**Tactical Planning**

– It involves conversion of detailed and specific plans into detailed and specific action plans.

– It is the blue print for current action and it supports the strategic plans.

On the basis of **time period**

Long term planning

- Time frame beyond five years.
- It specifies what the organization wants to become in long run.
  - It involves great deal of uncertainty.

Intermediate term planning

– Time frame between two and five years.

– It is designed to implement long term plans.

Short term planning

– Time frame of one year or less.

– It provides basis for day to day operations.

6	**Define MBO. Explain the process of MBO and steps involved in it.**

(May 2013, May 2018)

MBO was first popularized by Peter Drucker in 1954 in his book 'The practice of Management'. It is a process of agreeing within an organization so that management and employees buy into the objectives and understand what they are. It has a precise and written description objectives ahead, timelines for their motoring and achievement.

The employees and manager agree to what the employee will attempt to achieve in a period ahead and the employee will accept and buy into the objectives.

Definition

"MBO is a process whereby the superior and the mangers of an organization jointly identify its common goals, define each individual's major area of responsibility in terms of results expected of him, and use these measures as guides for operating the unit and assessing the contribution of each of its members".

Features of MBO

- MBO is concerned with goal setting and planning for individual managers and their units.

- The essence of MBO is a process of joint goal setting between a supervisor and a subordinate.

- Managers work with their subordinates to establish the performance goals that are consistent with their higher organizational objectives.

MBO focuses attention on appropriate goals and plans.

MBO facilitates control through the periodic development and subsequent evaluation of individual goals and plans.

Steps in MBO:

The typical MBO process consists of:

- Establishing a clear and precisely defined statement of objectives for the employee

- Developing an action plan indicating how these objectives are to be achieved

- Reviewing the performance of the employees

- Appraising performance based on objective achievement
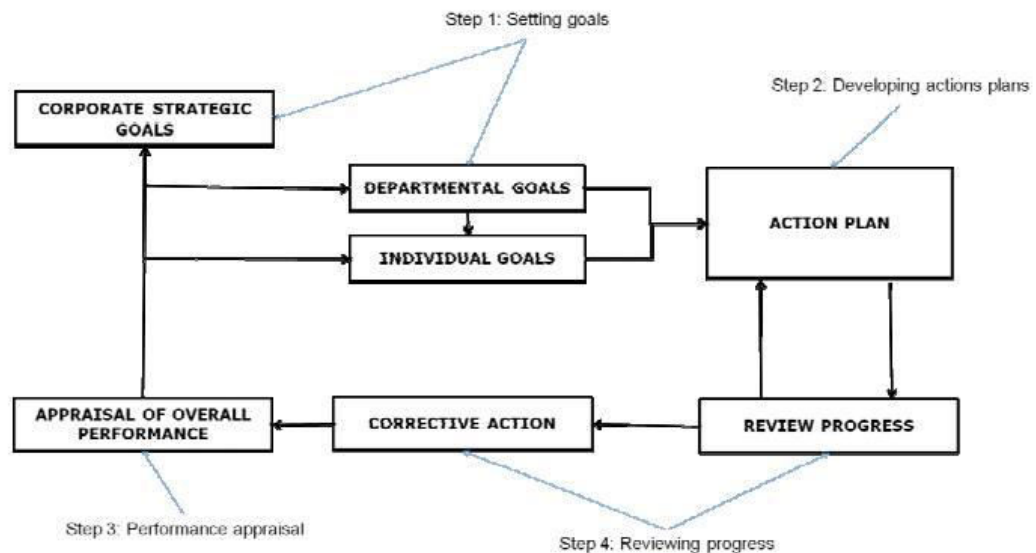
1) Setting objectives

For Management by Objectives (MBO) to be effective, individual managers must understand the specific objectives of their job and how those objectives fit in with the overall company objectives set by the board of directors.

The managers of the various units or sub-units, or sections of an organization should know not only the objectives of their unit but should also actively participate in setting these objectives and make responsibility for them.

Management by Objective (MBO) systems, objectives are written down for each level of the organization, and individuals are given specific aims and targets.

Managers need to identify and set objectives both for themselves, their units, and their organizations.

2) Developing action plans

Actions plans specify the actions needed to address each of the top organizational issues and to reach each of the associated goals, who will complete each action and according to what timeline. An overall, top-level action plan that depicts how each strategic goal will be reached is developed by the top level management. The format of the action plan depends on the objective of the organization.

3) Reviewing Progress

Performance is measured in terms of results. Job performance is the net effect of an employee's effort as modified by abilities, role perceptions and results produced. Effort refers to the amount of energy an employee uses in performing a job. Abilities are personal characteristics used in performing a job and usually do not fluctuate widely over short periods of time. Role perception

refs to the direction in which employees believe they should channel their efforts on their jobs, and they are defined by the activities and behaviors they believe are necessary.

4) Performance appraisal

Performance appraisals communicate to employees how they are performing their jobs, and they establish a plan for improvement. Performance appraisals are extremely important to both employee and employer, as they are often used to provide predictive information related to possible promotion. Appraisals can also provide input for determining both individual and organizational training and development needs. Performance appraisals encourage performance improvement. Feedback on behavior, attitude, skill or knowledge clarifies for employees the job expectations their managers hold for them. In order to be effective, performance appraisals must be supported by documentation and management commitment.

Advantages

Motivation – Involving employees in the whole process of goal setting and increasing employee empowerment. This increases employee job satisfaction and commitment.

Better communication and Coordination – Frequent reviews and interactions between superiors and subordinates helps to maintain harmonious relationships within the organization and also to solve many problems.

Clarity of goals

- Subordinates have a higher commitment to objectives they set themselves than those imposed on them by another person.

- Managers can ensure that objectives of the subordinates are linked to the organization's objectives.

Limitations

There are several limitations to the assumptive base underlying the impact of managing by objectives, including:

- It over-emphasizes the setting of goals over the working of a plan as a driver of outcomes.

- It underemphasizes the importance of the environment or context in which the goals are set. That context includes everything from the availability and quality of resources, to relative buy-in by leadership and stake-holders.

- Companies evaluated their employees by comparing them with the "ideal" employee. Trait appraisal only looks at what employees should be, not at what they should do.
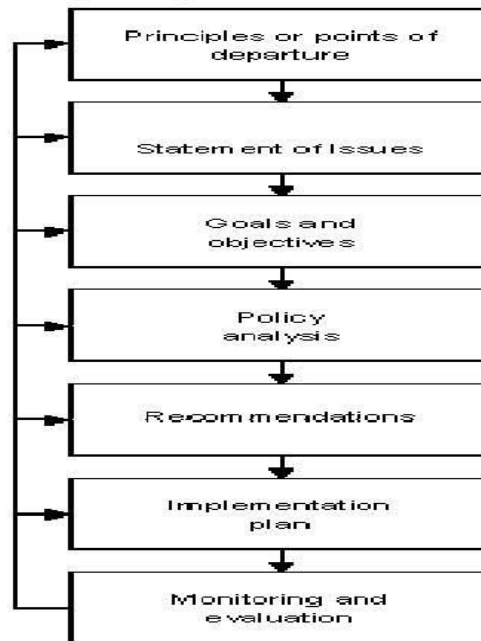
When this approach is not properly set, agreed and managed by organizations, self-centered employees might be prone to distort results, falsely representing achievement of targets that were set in a short-term, narrow fashion. In this case, managing by objectives would be counterproductive.

7	**Classify the types of goals organizations might have and the plans they use for accomplishment. (May 2018)**
	PLANNING POLICIES: **Policies** are general statements or understandings that guide managers' thinking in decision making. They usually do not require action but are intended to guide managers in their commitment to the decision they ultimately make. The first step in the process of policy formulation, as shown in the diagram below, is to capture the values or principles that will guide the rest of the process and form the basis on which to produce a statement of issues. The statement of issues involves identifying the opportunities and constraints affecting the local housing market, and is to be produced by thoroughly analyzing the housing market. The kit provides the user with access to a housing data base to facilitate this analysis. The statement of issues will provide the basis for the formulation of a set of housing goals and objectives, designed to address the problems identified and to exploit the opportunities which present themselves. The next step is to identify and analyze the various policy options which can be applied to achieve the set of goals and objectives. The options available to each local government will depend on local circumstances as much as the broader context and each local authority will have to develop its own unique approach to addressing the housing needs of its residents. An implementation program for realizing the policy recommendations must then be prepared,

addressing budgetary and programming requirements, and allocating roles and responsibilities. Finally, the implementation of the housing strategy needs to be systematically monitored and evaluated against the stated goals and objectives, and the various components of the strategy modified or strengthened, as required.

 At each step of the way, each component of the strategy needs to be discussed and debated, and a public consultation process engaged in. The extent of consultation and the participants involved will vary with each step.

Essentials of Policy Formulation

- A policy should be definite, positive and clear. It should be understood by everyone in the organization.
- A policy should be translatable into the practices.
- A policy should be flexible and at the same time have a high degree of permanency.
- A policy should be formulated to cover all reasonable anticipatable conditions.
- A policy should be founded upon facts and sound judgment.
- A policy should conform to economic principles, statutes and regulations.
- A policy should be a general statement of the established rule.

Importance of Policies

 They provide guides to thinking and action and provide support to the subordinates.

- They delimit the area within which a decision is to be made.
- They save time and effort by pre-deciding problems.
- They permit delegation of authority to mangers at the lower levels.

PLANNING PREMISES:

The process of planning is based upon estimates and predictions of the future. Though past guides the plans in present, plans achieve the goals in the future. Therefore, the forecast of future events leads to efficient plans. Since future events are not known accurately, the assumption is made about these events.

These events may be known conditions (even changes in the tax laws as announced in the budget) or anticipated events which may or may not happen (entry of a competitor in the same market with the same product).

Though these assumptions are primarily based on scientific analysis and models, managers also use their intuition and judgment to make assumptions about future events. By identifying the factors (assumptions) that affect plans is called premising and the methods used for making premises are called forecasting.

The done forecast or the assumptions about the future which provide a base for planning in present are known as planning premises. This is the expectation or forecasts made for achieving the goals.

Planning premises are the basic assumptions about the environment. These assumptions are essential to make plans more realistic and operational. Planning premises provide a framework. All plans are made within this framework. There are many environmental factors, which influence the plan. Assumptions are made about these factors. These assumptions are called premises.

TYPES OF PLANNING PREMISES

- Internal and External Premises
- Controllable, Semi controllable and Uncontrollable premises
- Tangible and Intangible Premises
- Constant and Variable premises

1. **Internal and External Premises**

    Internal Premises:

    Internal premises come from the business itself. It includes skills of the workers, capital investment policies, philosophy of management, sales forecast, etc.

    External Premises:

    External premises come from the external environment. That is, economic, social, political, cultural and technological environment. External premises cannot e controlled by the business.

2. **Controllable, Semi controllable and Uncontrollable premises**

    Controllable Premises:

    Controllable premises are those which are fully controlled by the management. They include factors like materials, machines and money.

    Semi controllable Premises:

    They are partly controllable. They include marketing strategy.

    Uncontrollable Premises:

    Uncontrollable premises are those over which the management has absolutely no control. They include weather conditions, consumers' behavior, government policy, natural calamities, wars etc.

3. **Tangible and Intangible Premises**

    Tangible Premises:

    Tangible premises can be measured in quantitative terms. They include units of production and sale, money, time, hours of work, etc.

    Intangible Premises:

    Intangible premises cannot be measured in quantitative terms. They include goodwill of the business, employee's morale, employee's attitude and public relations.

4. **Constant and Variable Premises**

    Constant Premises:

    Constant premises do not change. They remain the same, even if there is a change in the course of action. They include men, money and machines.

    Variable Premises:

    Variable premises are subject to change. They change according to the course of action. They include union-management relations.

8

Explain the various types of planning strategies.   (Dec 2017)

PLANNING - TYPES OF STRATEGIES
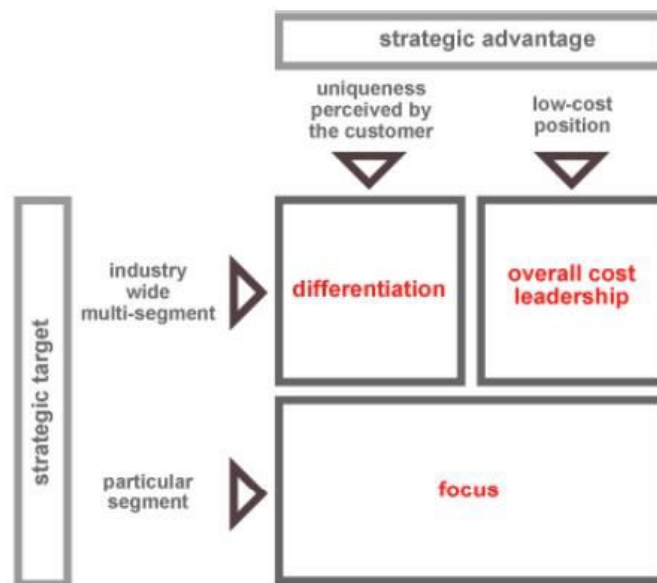
TYPES OF STRATEGIES

According to Michel Porter, the strategies can be classified into three types. They are

- Cost leadership strategy
- Differentiation strategy
- Focus strategy

a) Cost Leadership Strategy

This generic strategy calls for being the low cost producer in an industry for a given level of quality. The firm sells its products either at average industry prices to earn a profit higher than that of rivals, or below the average industry prices to gain market share. In the event of a price war, the firm can maintain some profitability while the competition suffers losses. Even without a price war, as the industry matures and prices decline, the firms that can produce more cheaply will remain profitable for a longer period of time. The cost leadership strategy usually targets a broad market.

Some of the ways that firms acquire cost advantages are by improving process efficiencies, gaining unique access to a large source of lower cost materials, making optimal outsourcing and vertical integration decisions, or avoiding some costs altogether. If competing firms are unable to lower their costs by a similar amount, the firm may be able to sustain a competitive advantage based on cost leadership.

Firms that succeed in cost leadership often have the following internal strengths:

- Access to the capital required to make a significant investment in production assets; this investment represents a barrier to entry that many firms may not overcome.
- Skill in designing products for efficient manufacturing, for example, having a small component count to shorten the assembly process.
- High level of expertise in manufacturing process engineering.
- Efficient distribution channels.

Each generic strategy has its risks, including the low-cost strategy. For example, other firms may be able to lower their costs as well. As technology improves, the competition may be able to leapfrog the production capabilities, thus eliminating the competitive advantage. Additionally, several firms following a focus strategy and targeting various narrow markets may be able to achieve an even lower cost within their segments and as a group gain significant market share.

b) Differentiation Strategy

A differentiation strategy calls for the development of a product or service that offers unique attributes that are valued by customers and that customers perceive to be better than or different from the products of the competition. The value added by the uniqueness of the product may allow the firm to charge a premium price for it. The firm hopes that the higher price will more than cover the extra costs incurred in offering the unique product. Because of the product's

unique attributes, if suppliers increase their prices the firm may be able to pass along the costs to its customers who cannot find substitute products easily.

Firms that succeed in a differentiation strategy often have the following internal strengths:

- Access to leading scientific research.
- Highly skilled and creative product development team.
- Strong sales team with the ability to successfully communicate the perceived strengths of the product.
- Corporate reputation for quality and innovation.

The risks associated with a differentiation strategy include imitation by competitors and changes in customer tastes. Additionally, various firms pursuing focus strategies may be able to achieve even greater differentiation in their market segments.

c) Focus Strategy

The focus strategy concentrates on a narrow segment and within that segment attempts to achieve either a cost advantage or differentiation. The premise is that the needs of the group can be better serviced by focusing entirely on it. A firm using a focus strategy often enjoys a high degree of customer loyalty, and this entrenched loyalty discourages other firms from competing directly.

Because of their narrow market focus, firms pursuing a focus strategy have lower volumes and therefore less bargaining power with their suppliers. However, firms pursuing a differentiation-focused strategy may be able to pass higher costs on to customers since close substitute products do not exist.

Firms that succeed in a focus strategy are able to tailor a broad range of product development strengths to a relatively narrow market segment that they know very well.

Some risks of focus strategies include imitation and changes in the target segments. Furthermore, it may be fairly easy for a broad-market cost leader to adapt its product in order to compete directly. Finally, other focusers may be able to carve out sub-segments that they can serve even better.

A Combination of Generic Strategies

These generic strategies are not necessarily compatible with one another. If a firm attempts to achieve an advantage on all fronts, in this attempt it may achieve no advantage at all. For example, if a firm differentiates itself by supplying very high quality products, it risks undermining that quality if it seeks to become a cost leader. Even if the quality did not suffer, the firm would risk projecting a confusing image. For this reason, Michael Porter argued that to be successful over the long-term, a firm must select only one of these three generic strategies. Otherwise, with more than one single generic strategy the firm will be "stuck in the middle" and will not achieve a competitive advantage.

Porter argued that firms that are able to succeed at multiple strategies often do so by creating separate business units for each strategy. By separating the strategies into different units having different policies and even different cultures, a corporation is less likely to become "stuck in the middle."

However, there exists a viewpoint that a single generic strategy is not always best because within the same product customers often seek multi-dimensional satisfactions such as a combination of quality, style, convenience, and price. There have been cases in which high quality producers faithfully followed a single strategy and then suffered greatly when another firm entered the market with a lower-quality product that better met the overall needs of the customers.

9	**Elucidate the various types of decisions (Dec 2017, May 2019)**
	TYPES OF DECISIONS
	a) **Programmed and Non-Programmed Decisions:** Herbert Simon has grouped organizational decisions into two categories based on the procedure followed. They are:
	i)Programmed decisions: Programmed decisions are routine and repetitive and are made within the framework of organizational policies and rules. These policies and rules are established well in advance to solve recurring problems in the organization. Programmed decisions have short-run impact. They are, generally, taken at the lower level of management.
	ii)Non-Programmed Decisions: Non-programmed decisions are decisions taken to meet

non-repetitive problems. Non-programmed decisions are relevant for solving unique/ unusual problems in which various alternatives cannot be decided in advance. A common feature of non-programmed decisions is that they are novel and non-recurring and therefore, readymade solutions are not available. Since these decisions are of high importance and have long-term consequences, they are made by top level management.

b) **Strategic and Tactical Decisions:** Organizational decisions may also be classified as strategic or tactical.

i) **Strategic Decisions:** Basic decisions or strategic decisions are decisions which are of crucial importance. Strategic decisions a major choice of actions concerning allocation of resources and contribution to the achievement of organizational objectives. Decisions like plant location, product diversification, entering into new markets, selection of channels of distribution, capital expenditure etc are examples of basic or strategic decisions.

ii) **Tactical Decisions:** Routine decisions or tactical decisions are decisions which are routine and repetitive. They are derived out of strategic decisions. The various features of a tactical decision are as follows:

- Tactical decision relates to day-to-day operation of the organization and has to be taken very frequently.
- Tactical decision is mostly a programmed one. Therefore, the decision can be made within the context of these variables.
- The outcome of tactical decision is of short-term nature and affects a narrow part of the organization.

The authority for making tactical decisions can be delegated to lower level managers because: first, the impact of tactical decision is narrow and of short-term nature and Second, by delegating authority for such decisions to lower-level managers, higher level managers are free to devote more time on strategic decisions.

10	**Explain various tools and techniques in Strategic planning.** **(Dec 2021) (Dec 2019)**
	Strategies :
	Strategies : Military used word It is a set of decision making rules for guidance of organizational behaviour. Major targets or end results that relate to the long-term survival, value & growth of the organization A pattern of actions and resource allocations designed to achieve the organization's goals
	Features :
	1.It is a general program of action

2.More concerned with external problems rather than internal

3.It includes tactics used by the opponents

4.They need to be changed as per the requirements

5.Formulated only at the top level

Strategic Planning :

☐Where will we be active?

☐How will we get there?

☐How will we win in the marketplace?

☐How fast will we move and in what sequence will we make changes?

☐How will we obtain financial returns

Planning Tools & Techniques for Strategic Management

Strategic management process has more complex & costly Growing competitions in many markets. Dimensions is increasing of analysis facing managers.

Important Strategies are

- ✓ SWOT Analysis
- ✓ BCG Matrix
- ✓ Porter's Five force model
- ✓ Gap Analysis
- ✓ Balance score card

1. SWOT or TOWS

SWOT Analysis is a strategic planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project or in a business venture.

Importance of SWOT analysis

- ✓ It analyses whether the business is healthy or sick.
- ✓ Identifying the internal and external factors that are   favorable and unfavorable to achieving that objective
- ✓ It helps in the formation of a strategy so as to make preparations for the possible threats from the competitors.
- ✓ It helps to evaluate a business environment in a detailed manner so as to take strategic decisions for the future course of action.

	Strengths	Weaknesses
Opportunities	SO Strategies Leverage strengths to maximise opportunities Attacking Strategy	WO Strategies Counter weaknesses through exploiting opportunities Attacking Strategy
Threats	ST Strategies Leverage Strengths to minimise threats Defensive Strategy	WT Strategy Counter weaknesses and threats with strengths Strengths for Defensive Strategy

The organisation	Stengths – S 1. Existing brand 2. Existing customer base 3. Existing distribution	Weaknesses – W 1. Brand perception 2. Intermediary use 3. Technology/skills 4. X-channel support
Opportunities – O 1. Cross-selling 2. New markets 3. New services 4. Alliances/Co-branding	SO strategies Leverage strengths to maximise opportunities = Attacking strategy	WO strategies Counter weaknesses through exploiting opportunities = Build strengths for attacking strategy
Threats – T 1. Customer choice 2. New entrants 3. New competitive products 4. Channel conflicts	ST strategies Leverage strengths to minimise threats = Defensive strategy	WT strategies Counter weaknesses and threats = Build strengths for defensive strategy

2. BCG Matrix

Boston Consulting Group (BCG) Growth share matrix compare various businesses organization profit on the basis of relative market share & market growth rate

SBU – Strategic Business Unit , BCG matrix defines four business group
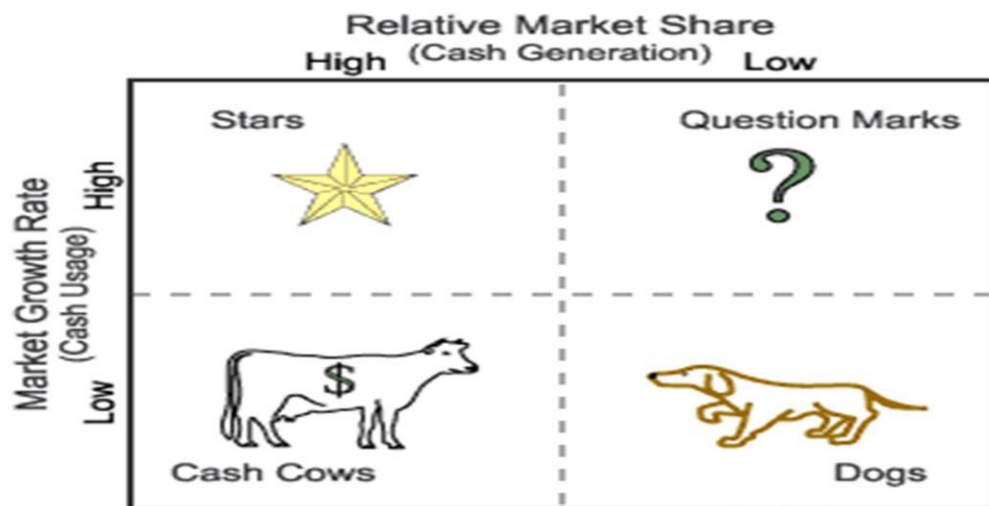
Business unit sales this year

RMS =   --------------------------------------

Leading rival sales this year

Individual sales this Year - individual sales last year

MGR = ---

Individual sales last year

Factors	Question Marks	Stars	Cash cows	Dogs
Cash Flow	Negative	Natural	High Stable	Natural or Negative
Earnings	Low , Unstable, Growing	High stable , Growing	High Stable	Low ,Unstable
Strategy	Analysis to determine whether business can be grown into a star or will degenerate into a dog	Invest for growth	Milk	Divest (Cheat)

Strategy	Don't know what to do with opportunities ,decide whether to increase investment	Doing well great opportunities	Doing well in no growth market with limited opportunities	Weak in market , difficult to make profit
Concept	Low Market Share & High Market Growth	High Market Share & High Market Growth	High Market Share & Low Market Growth	Low Market Share & Low Market Growth

3. **Porter's Five force model**
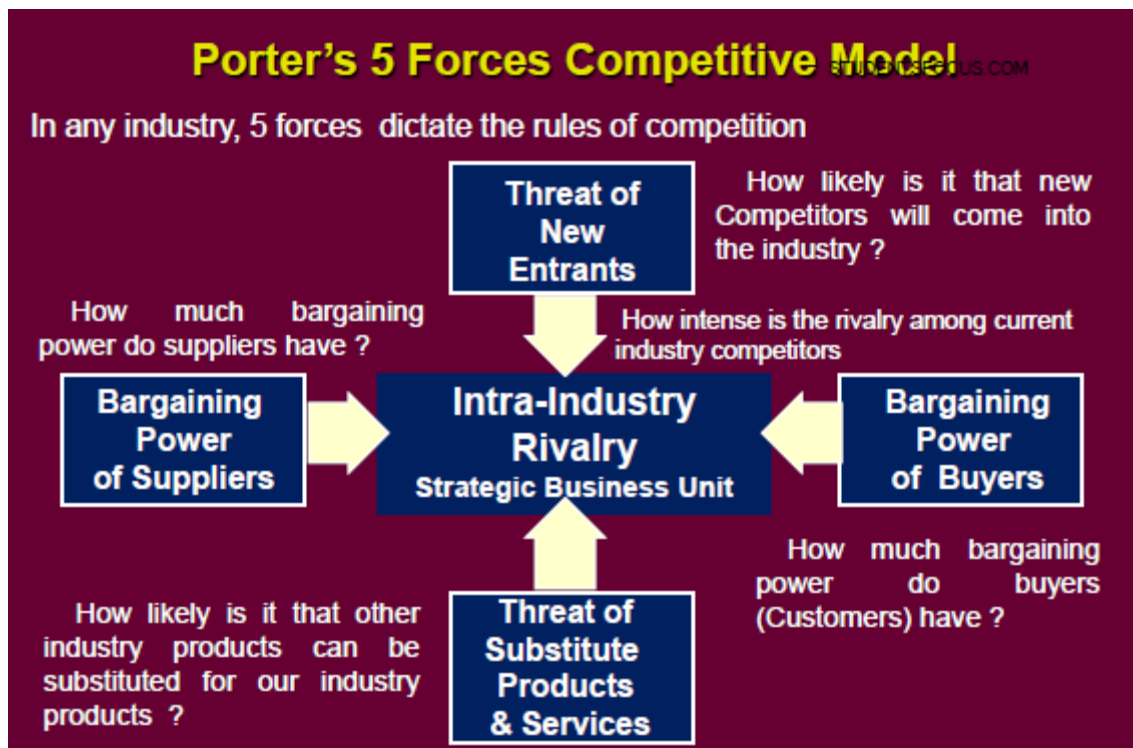
Threat of new entrants

This force examines how easy or difficult it is for competitors to join the market place

Bargaining Power of Suppliers

This force analyzes how much power a business's supplier has & how much control it has over the potential to raise its prices

Bargaining Power of Buyers

Power of customers to affect pricing & quality

Buying power is more → Easy to switch from one business products to another

Buying power is low → Customers purchase products in small amounts

Threat of substitute Products & Services

This force studies

☐ Consumers to switch from a business product to that of a competitor

☐ How much competitors there are, How their prices & quality

☐ How much of a profit those competitors are earning

Competitive Rivalry

This force examines how intense the competition currently is in the market place

[Rivalry is high → Price wars can develop & industry is growing]

4. **Gap Analysis**
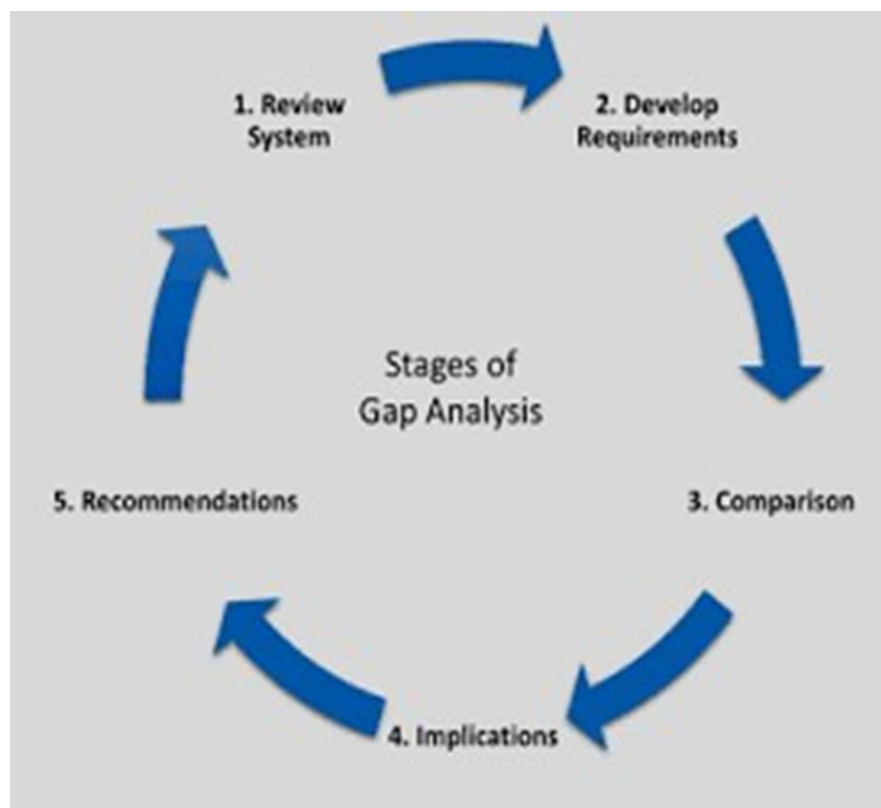
Gap Analysis Gap analysis is a tool that organizational managers can use to work out the size, and sometimes to shape of the strategic tasks to be undertaken in order to move from its current state to a desired or future state
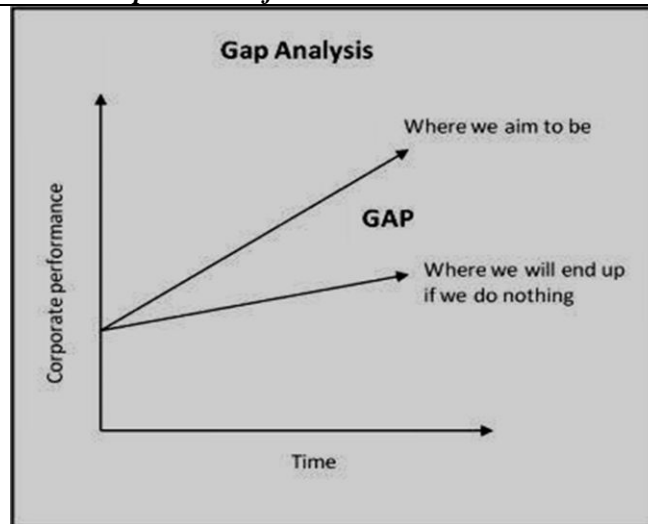
5. **Balance score card**

Balance scorecard Balanced scorecard enables organizations to bridge the gap between strategy & actions

☐ Respond immediately to progress

☐ Feedback & changing conditions

☐ It focus financial , customer, internal business process ,learning & growth perspectives

☐ It focuses on creating & communicating a total comprehensive picture to all members of organization

Other Tools and Techniques:

1. **Forecasting**

   - The process of predicting what will happen in the future
   - Very unpredictable – they are planning aids, NOT substitutes

2. **Contingency Planning**

   - Identifies alternative courses of action to take when things go wrong
   - Not always effective when situation is unstable, but better than not having a contingency plan

3. **Scenario Planning**

   - Identifies several future scenarios and makes plans to deal with each one good or bad.
   - A long term version of contingency planning

4. **Benchmarking**

   - Uses internal and external comparisons to plan for future improvements
   - Combats complacency – Challenges the Status Quo

     Look to other organizations/companies to see what they are doing well and how those ideas can be integrated into your company
   - Best Practices: Strategies, techniques, efficiencies that will help others achieve superior performance.

     Internal Benchmarking : Sharing Best practices within an organization

     External Benchmarking : Sharing best practices among competitors and non competitors.
   - **Zara :**

     Benchmarking "Fast Fashion"

5. **Use of Staff Planners**

   - Specialists who are employed to help coordinate and energize planning
   - Skilled in all steps of the planning process and in utilizing Tools and Techniques
   - Cisco Systems China – India
   - CCL Industries – Host Labeling and Packaging factories worldwide to ease workload

11	**Identify the steps of decision making process & its techniques (Dec 2021)**

DECISION MAKING PROCESS

The decision making process is presented in the figure below:
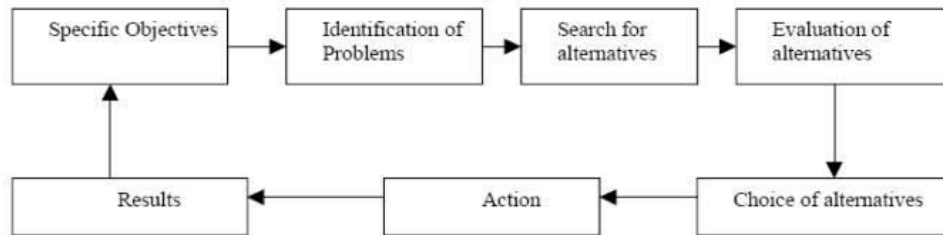
1. Specific Objective: The need for decision making arises in order to achieve certain specific objectives. The starting point in any analysis of decision making involves the determination of whether a decision needs to be made.

2. Problem Identification: A problem is a felt need, a question which needs a solution. In the words of Joseph L Massie "A good decision is dependent upon the recognition of the right problem". The objective of problem identification is that if the problem is precisely and specifically identifies, it will provide a clue in finding a possible solution. A problem can be identified clearly, if managers go through diagnosis and analysis of the problem.

Diagnosis: Diagnosis is the process of identifying a problem from its signs and symptoms. A symptom is a condition or set of conditions that indicates the existence of a problem. Diagnosing the real problem implies knowing the gap between what is and what ought to be, identifying the reasons for the gap and understanding the problem in relation to higher objectives of the organization.

Analysis: Diagnosis gives rise to analysis. Analysis of a problem requires:

- Who would make decision?
- What information would be needed?
- From where the information is available?

Analysis helps managers to gain an insight into the problem.

3. **Search for Alternatives:** A problem can be solved in several ways; however, all the ways cannot be equally satisfying. Therefore, the decision maker must try to find out the various alternatives available in order to get the most satisfactory result of a decision. A decision maker

can use several sources for identifying alternatives:

- o   His own past experiences
- o   Practices followed by others and
- o   Using creative techniques.

4. Evaluation of Alternatives: After the various alternatives are identified, the next step is to evaluate them and select the one that will meet the choice criteria. /the decision maker must check proposed alternatives against limits, and if an alternative does not meet them, he can discard it. Having narrowed down the alternatives which require serious consideration, the decision maker will go for evaluating how each alternative may contribute towards the objective supposed to be achieved by implementing the decision.

5. Choice of Alternatives: The evaluation of various alternatives presents a clear picture as to how each one of them contribute to the objectives under question. A comparison is made among the likely outcomes of various alternatives and the best one is chosen.

6. Action: Once the alternative is selected, it is put into action. The actual process of decision making ends with the choice of an alternative through which the objectives can be achieved.

7. Results: When the decision is put into action, it brings certain results. These results must correspond with objectives, the starting point of decision process, if good decision has been made and implemented properly. Thus, results provide indication whether decision making and its implementation is proper.

UNIT III - ORGANISING

Nature and purpose-Formal and informal organization-Organization chart-Organization structure-Types-Line and staff authority-Departmentalization-Delegation of authority-Centralization and decentralization-Job Design- Human Resource Management-HR Planning, Recruitment, Selection, Training and Development, Performance Management, Career planning and management

UNIT III - PART A

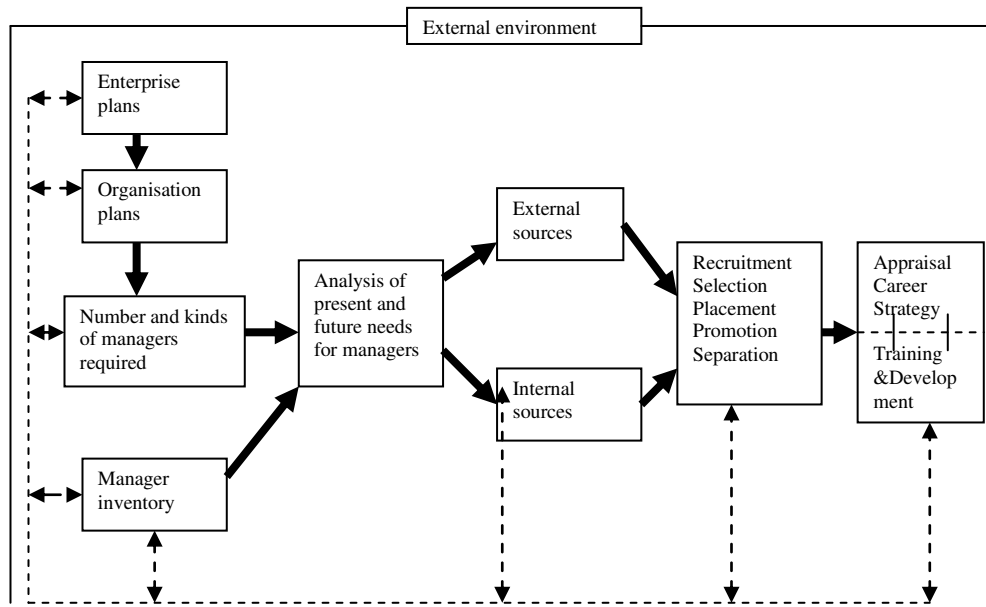|	
1	**Define Organizing. (May 2016)**
	Organizing is the process of identifying and activities required to attain the objectives, delegating, creating responsibility and establishing relationships with people to work effectively.

2	**Mention any four characteristics of an organization.**
	• Division of Work
	• Co-ordination
	• Common Objectives.
	• Co-operative Relationship.
	• Well-Defined Authority-Responsibility Relationships
3	**List out the steps involved in organization process.**
	1] Identifying the Work
	2] Grouping of Work
	3] Establish Hierarchy
	4] Delegation of Authority
	5] Coordination.
4	**Mention the various principles involved in organization.**
	• Principle of unity of objective,
	• Principle of division of work or specialization,
	• Principle of efficiency &Principle of span of control
5	**Mention the three categories of relationships in span of management.** (May 2014)
	Direct single relationship; direct group relationships; Cross relationship
6	**State the important factors in determining an effective span of management.**
	Capacity of superior, Capacity of subordinates, Nature of work, Type of technology, Delegation of authority and Organizational Structure.
7	**What are the types of departmentalization?** (May 2008)
	Departmentalization by function, departmentalization by territory or geography, departmentalization by customers, departmentalization by equipment or process and departmentalization by product or service.
8	**State the advantages of departmentalization by function.** (Dec 2009)
	It is most logical, scientific, time proven and natural method of departmentalization. - It provides specialization of work which makes maximum utilization of manpower and other resources - It ensures proper performance control - It facilitates delegation of authority and therefore, reduces the burden of top executives.
9	**State the disadvantages of departmentalization by function.** (May 2010)
	• There is a tendency for overspecialization - The department managers are experts in handling the problems in their department alone. They may not be able to understand the problem of other departments.
	• Functional departmentalization discourages communication across functions so that

	the workers develop a narrow technical point of horizontal conflicts- It increases the workload and responsibility of the departmental heads- It does not offer any scope for training for the overall development of manager.
10	**Give a note on departmentalization by customers.** This type of departmentalization is preferred when the needs of customers are different in nature. Big organizations provide special services to different types of customer. Categorization of customer needs based on domestic and international market / demand and service requirements aided with knowledge based awareness to the user community will be the fundamental basis for departmentalization by customers.
11	**What is departmentalization by product?** Departmentalization by Product or Service: In this case, the units are formed according to the product. It is more useful in multi-line corporations where expansion and diversification, manufacturing and mark characteristics of the product are of primary concern.
12	**Define authority.** **(May 2009)** "Authority is the right to give orders and the power to exact obedience". It is termed as destined responsibility by the management or board of directors to the top level executives.
13	**Define recruitment.** B.Flippo defined recruitment as "the process of searching for prospective employees and simulating for jobs in the organization". Recruitment can also be defined as the process of actively seeking out, finding and hiring candidates for a specific position or job. It includes the entire hiring process, from inception to the individual recruit's integration into the company.
14	**What is staff authority?** Staff authority is the provision of advice and other services to line managers. People in these staff positions are empowered to assist the line functions (such as production and sales), but do not have any authority over them. Types of staff authority are a) Advisory staff authority, b) Compulsory staff authority and c) Concurrent staff authority.
15	**What is departmentalization by process?** It is a type of departmentalization where activities are grouped based on production processes or equipment involved. It can be seen in process centric manufacturing industries like Petrochemical, FMCG, Power generation, Chemical and Fertilizers production plants the production process will be unique and continuous.

16	**What is Performance Appraisal? What are the different methods/techniques of Performance appraisal? (May 2012, Dec 2016, May 2017, Dec 2017, May 2018)** Performance Appraisal is evaluating the actual performance of the employee for determining the compensation and identifying the potential of the employees. Methods/Techniques of Performance Appraisal:(i) Trait-based appraisal; Graphic scale method, ranking method, grading system, forced distribution method, check list method, Critical incident method, group appraisal (ii)Appraisal by results: MBO, Behaviorally Anchored Rating(BARS), Assessment Centre, 360 degree performance appraisal.
17	**State the types of organizational charts.** - Vertical or Top-to-Bottom chart; - Horizontal or Left-to-right chart; - Circular or concentric chart. The organization structure reveals the chain of command added with the authorization or power destined to individual member base on the job profile and company directions.
18	**Define "Departmentalization". (Dec 2016)** Departmentalization is the foundation of organization structure. It means division of work into smaller units and they are – grouped into bigger units (Departments) on the basis of similarity of features. Each department is headed by a person known as departmental manager. Division of work into depts. Leads to specialization as people of one department perform activities related to that department only.
19	**What is delegation of authority? (May 2017)** The *Delegation of Authority* is an organizational process wherein, the manager divides his work among the subordinates and gives them the responsibility to accomplish the respective tasks.
20	**Define Job design. (May 2018)** It is the process of Work arrangement (or rearrangement) aimed at reducing or overcoming job dissatisfaction and employee alienation arising from repetitive and mechanistic tasks. Through job design, organizations try to raise productivity levels by offering non-monetary rewards such as greater satisfaction from a sense of personal achievement in meeting the increased challenge and responsibility of one's work.

21	**State the purpose of Organizing. (Dec 2017)**
	1. Increase in Managerial Efficiency
	2. Proper Utilization of Resources
	3. Sound Communication Possible
	4. Facilitates Coordination
	5. Increase in Specialization
	6. Helpful in Expansion.
22	**What is the meaning of Formal Organization? (May 2019)**
	The structure of jobs and positions with clearly defined functions and relationship as prescribed by the top management and bound by rules, systems and procedures.
23	**Distinguish between authority and Power? (May 2018)**

BASIS FOR COMPARISON	POWER	AUTHORITY
Meaning	Power means the ability or potential of an individual to influence others and control their actions.	The legal and formal right to give orders and commands, and take decisions is known as an Authority.
What is it?	It is a personal trait.	It is a formal right, given to the high officials.
Source	Knowledge and expertise.	Position & office
Hierarchy	Power does not follow any hierarchy.	Authority follows the hierarchy.
Resides with	Person	Designation
Legitimate	No	Yes

24	**What are various stages of staffing process? Depict with a diagram**

25	**Experiment the term Design.** (May 2019)
	Design Management is a problem-solving process that enables innovation and creates well-designed products, services, communications, environments, and brands that enhance the quality of life and provide organizational success.

26	**What is Selection?** (Dec 2019)
	Selection is the process of picking or choosing the right candidate, who is most suitable for a vacant job position in an organization. Selection of an employee is a process of choosing the applicants, who have the qualifications to fill the vacant job in an organization.

27	**What is line authority?** (Dec 2019)
	Line authority is the direct authority which a superior exercises over a number of subordinates to carry out orders and instructions. In an organizing process, authority is delegated to the individuals to perform the activities.

28	**Compare line authority and staff authority (Dec 2021)**

BASIS	LINE AUTHORITY	STAFF AUTHORITY
Meaning	The organization in which the authority and responsibility moves downward, and accountability flows upward, is called line organization.	The organization structure, in which specialist are added to the line managers to provide guidance and support, is called line and staff organization.

Authority	Command	Command and Advise
Discipline	Strict	Loose
Executives	Line executives are generalist.	Line executives are generalist and staff executives are specialist.
Degree of centralization	Absolute centralization	Partly centralized and partly decentralized

29	**Brief about an organization chart.**
	An organizational chart shows the internal structure of an organization or company. The employees and positions are represented by boxes or other shapes, sometimes including photos, contact information, email and page links, icons and illustrations.

UNIT III - PART B

1	**Explain the training methods in detail.(May 2012)**
	TRAINING
After the selection of people for various jobs, the next function of staffing is to arrange for their training and development. This is because a person, however carefully selected is not molded to specifications and rarely meets the demands of his job adequately.
Definition
According to Flippo, "Training is the act of increasing the knowledge and skills of an employee for doing a particular job."
Purpose of Training:
The purpose of training includes
❖ To prepare the employee, both new and old to meet the present as well as the changing requirements of the job and the organization.
❖ To prevent obsolescence
❖ To impart the new entrants the basic knowledge and skills they need for an intelligent performance of a definite job.
❖ To prepare employees for higher level tasks.
❖ To assist employees to function more effectively in the present positions by exposing them to the latest concepts, information and techniques and developing the skills in their particular fields.
❖ To build up a second line of competent officers and prepare them to occupy more responsible positions.
❖ To broaden the minds of senior managers by providing them with opportunities for an

interchange of experiences within and outside with a view to correcting the narrowness of outlook that may arise from over –specialization.

❖ To develop the potentialities of people for the next level job.

❖ To ensure smooth and efficient working of a department.

❖ To ensure economical output of required quality.

❖ To promote individual and collective morale, a sense of responsibility, co-operative attitudes and good relationships

Types of Training

Various types of training programmes are not mutually exclusive, but invariably overlap and employ many of the same techniques. Some of the more common types of training programmes are examined below

1.   Induction or Orientation Training

2.   Refresher Training

3.   Job Training

Methods of Training:

A large variety of methods of management development have come into Prominence these days. These methods can be classified into two broad categories, namely

(a) On-the job methods

(b) Off-the job methods

I. On – the – job training methods:

1.   Job Rotation

2.   Coaching

3.   Job Instruction

4.   Training Through Step – By Step

5.   Committee Assignments

II.   Off – the job training methods:

1.   Vestibule Training

2.   Role – Playing

3.   Lecture Methods

4.   Conference Or Discussion

5.   Programmed Instruction

ON-THE- JOB TRAINING METHODS:

Another name of this training is Job Instruction training. It is the most commonly used training method. In this method, the individual is placed on a regular job and taught the skills necessary to perform that job. The trainee learns under the supervision and guidance of a qualified worker or instructor. On the job training has the advantage of giving first-hand knowledge and experience

under the actual working conditions.
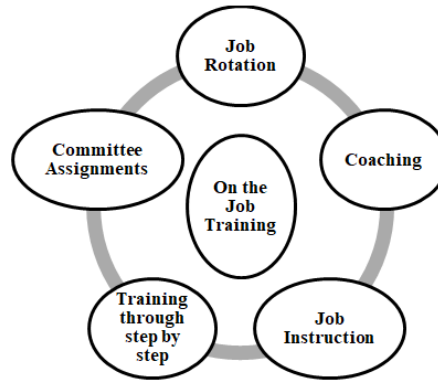
1. **Job Rotation :**

    ❖ This type of training involves the movement of the trainee from one job to another.

    ❖ The trainee receives job knowledge and gains experience from his supervisor or trainer in each of the different job assignments.

    ❖ Though this method of training is common in general management positions, trainees can also be rotated from job to job in workshop jobs. This method gives an opportunity to the trainee to understand the problems of employees on other jobs and respect them.

2. **Coaching :**

    ❖ The trainee is placed under a particular supervisor who functions as a coach in training the individual.

    ❖ The supervisor provides feedback to the trainee on his performance and offers him some suggestions for improvement.

    ❖ Often the trainee shares some of the duties and responsibilities of the coach and relieves him from his work burden.

    ❖ A limitation of this method is the trainee may not have freedom or opportunity to express his own ideas.

3. **Job instruction**:

    This method is also known as training through step – by – step method.

    ❖ In this method the training is render through step – by – step.

    ❖ Under this method, the trainer explains to the trainee the way of doing the jobs with this the Job knowledge and skills allows him to do the job.

    ❖ The trainer appraises the performance of the trainee, by provides feedback information about his work.

4. **Committee assignments**:

    ❖   In this method, a group of trainees are given and asked to solve an actual

organizational problem.

❖ The trainees must solve the problem jointly and this method may develop teamwork among the trainees.

OFF – THE - JOB TRAINING METHODS

Under this method of training, the trainee is separated from the job situation and his attention is focused upon learning the material related to his future job performance.

Since the trainee is not distracted by job requirement, he can place his entire concentration on learning the job rather than spending his time in performing it.
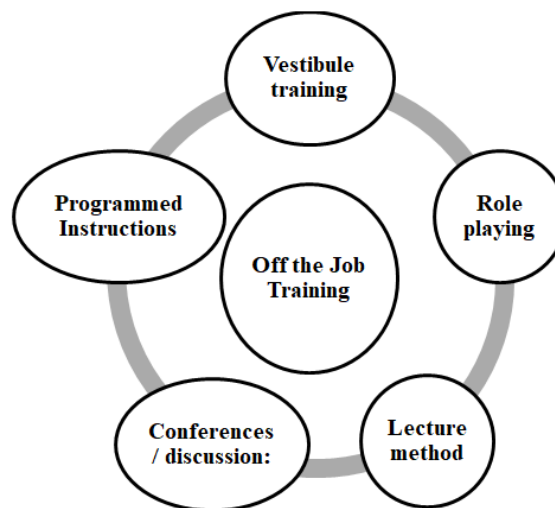
1. **Vestibule training:**

   ❖ The responsibility to operate a vestibule school generally rests with the personnel department.

   ❖ In this method, actual work conditions are stimulated in a classroom. Materials, files and equipment, which are used in actual job performance, has used in this training.

   ❖ This method has the advantage of training large number of persons without hampering on– going operations.

   ❖ It also saves costly machines from being damaged by mishandling of the untrained workers.

   ❖ Here, the trainee avoids the confusion and pressure of the work situation and thus is able to concentrate on learning.

2. **Role playing :**

   ❖ It is defined as a method of human interaction that involves realistic behavior in imaginary situations.

   ❖ This method of training involves action. Doing and practice.

   ❖ The participants play the role of certain characters such as the production manager, mechanical engineer, superintendents, maintenance engineers, quality control inspectors,

foreman, workers and the like.

3. **Lecture method**

    ❖   It is a traditional and direct method of instruction.

    ❖   Instructor organizes the material and gives it to a group of trainees in the form of a talk.

    ❖   To be effective, the lecture must motivate and create interest among the trainees.

4. **Conferences / discussion:**

    ❖   It is a method of training provided to the clerical, professional and supervisory personnel.

    ❖   This method involves a group of people who pose ideas, examine and share facts, ideas, data, test assumptions and draw conclusions.

    ❖   All of which contribute to the improvement of job performance.

    ❖   Discussion has the distinct advantage over the lecture method, in that the discussion involves two – way communication and hence feedback is provided.

    ❖   The participant feels free to speak in small groups.

    ❖   The success of this method depends on the leadership qualities of the person who leads the group.

5. **Programmed instruction:**

    ❖   In recent years, this method has become popular.

    ❖   The subject matter to be learned and presented by a series of carefully planned sequential units.

    ❖   These units are arranged from simple to more complex levels of instruction.

    ❖   The trainee goes through these units by answering questions or filling the blanks. This method is expensive and time consuming.

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2   **What are the types of departmentalization?**(May 2013, Nov 2016 & (Nov 2012)

Meaning

Departmentalization means "group of activities and employees into departments." It is, as Allen wrote a means of dividing the large and monolithic functional organization into smaller, flexible administrative units.

Processes of Departmentalization

Departmentalization is done through the following processes:

   a. Identification of tasks or duties.

   b. Analysis of details of each task.

   c. Description of the functions.

   d. Entrusting the groups of functions to separate specialist heads and providing them with suitable staff.

e. Delineation of scope of authority and responsibility of departmental heads.

Types of Departmentalization

There are several bases of Departmentalization. The more commonly used bases are—

function, product, territory, process, customer, time etc.

(A) Departmentalization by Functions

The enterprise may be divided into departments on the basis of functions like production, purchasing, sales, financing, personnel etc. This is the most popular basis of departmentalization. If necessary, a major function may be divided into sub-functions. For example, the activities in the production department may be classified into quality control, processing of materials, and repairs and maintenance.

Advantages

The advantages of functional departmentalization include the following:

- It is the most logical and natural form of departmentalization.
- It ensures the performance of all activities necessary for achieving the organisational objectives.
- It provides occupational specialisation which makes optimum utilisation of manpower.
- It facilitates delegation of authority.
- It enables the top managers to exercise effective control over a limited number of functions.
- It eliminates duplication of activities.
- It simplifies training because the managers are experts only in a narrow range of skills.

Disadvantages:

There are some problems associated with functional departmentalization. These are mentioned below:

- There may be conflicts between departments.
- The scope for management development is limited. Functional managers do not get training for top management positions. The responsibility for results cannot be fixed on any one functional head.

- There is too much emphasis on specialization.

- There may be difficulties in coordinating the activities of different departments.

- There may be inflexibility and complexity of operations.

(B) Departmentalization by Products

- In product departmentalization, every major product is organized as a separate department. Each department looks after the production, sales and financing of one product. Product departmentalization is useful when the expansion, diversification, manufacturing and marketing characteristics of each product are primarily significant.

- It is generally used when the production line is complex and diverse requiring specialized knowledge and huge capital is required for plant, equipment and other facilities such as in automobile and electronic industries.

Product Departmentalization

Two Wheeler Department	Three Wheeler Department	Four Wheeler Department	Heavy Motors Department

In fact, many large companies are diversifying in different fields and they prefer product departmentalization. For example, a big company with a diversified product line may have three product divisions, one each for plastics, chemicals, and metals. Each division may be sub-divided into production, sales, financing, and personnel activities.

Advantages:

Product departmentalization provides several advantages which may be stated as follows:

- Product departmentalization focuses individual attention to each product line which facilitates the expansion and diversification of the products.

- It ensures full use of specialized production facilities. Personal skill and specialized knowledge of the production managers can be fully utilized.

- The production managers can be held accountable for the profitability of each product. Each product division is semi-autonomous and contains different functions. So, product departmentalization provides an excellent training facility for the top managers.

- The performance of each product division and its contribution to total results can be easily evaluated.

- It is more flexible and adaptable to change.

Disadvantages

Product departmentalization presents some problems as follows:

- It creates the problem of effective control over the product divisions by the top managers.
- Each production manager asserts his autonomy disregarding the interests of the organisation.
- The advantages of centralization of certain activities like financing, and accounting are not available.
- There is duplication of physical facilities and functions. Each product division maintains its own specialized personnel due to which operating costs may be high.
- There may be under-utilization of plant capacity when the demand for a particular product is not adequate.

(C) Departmentalization by Territory

Territorial or geographical departmentalization is specially useful to large -scale enterprises whose activities are widely dispersed. Banks, insurance companies, transport companies, distribution agencies etc, are some examples of such enterprises, where all the activities of a given area of operations are grouped into zones, branches, divisions etc.
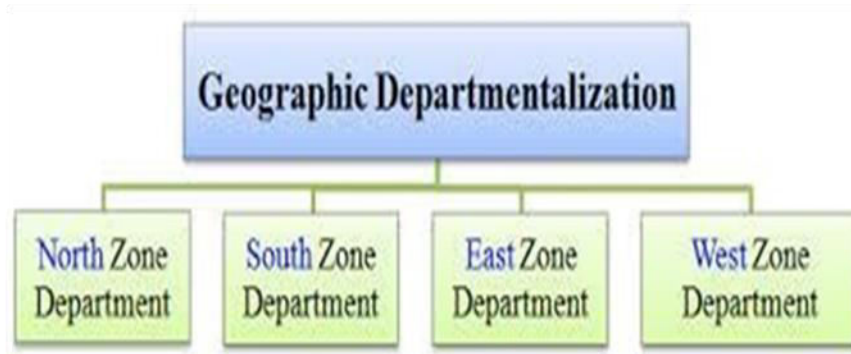
It is obviously not possible for one functional manager to manage efficiently such widely spread activities. This makes it necessary to appoint regional managers for different regions.

Advantages

Territorial departmentalization offers certain facilities in operation. These are pointed out below:

- Every regional manager can specialize himself in the peculiar problems of his region.
- It facilitates the expansion of business to various regions.
- It helps in achieving the benefits of local operations. The local managers are more familiar with the local customs, preferences, styles, fashion, etc. The enterprise can gain intimate knowledge of the conditions in the local markets.
- It results in savings in freight, rents, and labor costs. It also saves time.
- There is better co-ordination of activities in a locality through setting up regional divisions.
- It provides adequate autonomy to each regional manager and opportunity to train him as he

looks after the entire operation of a unit.

Disadvantages

Territorial departmentalization have the following problems:

- There is the problem of communication.
- It requires more managers with general managerial abilities. Such managers may not be always available.
- There may be conflict between the regional managers.
- Co-ordination and control of different branches from the head office become less effective.
- Owing to duplication of physical facilities, costs of operation are usually high.
- There is multiplication of personnel, accounting and other services at the regional level.

(D) Departmentalization by Customers

In such method of departmentalization, the activities are grouped according to the type of customers. For example, a large cloth store may be divided into wholesale, retail, and export divisions. This type of departmentalization is useful for the enterprises which sell a product or service to a number of clearly defined customer groups. For instance, a large readymade garment store may have a separate department each for men, women, and children. A bank may have separate loan departments for large-scale and small- scale businessmen.
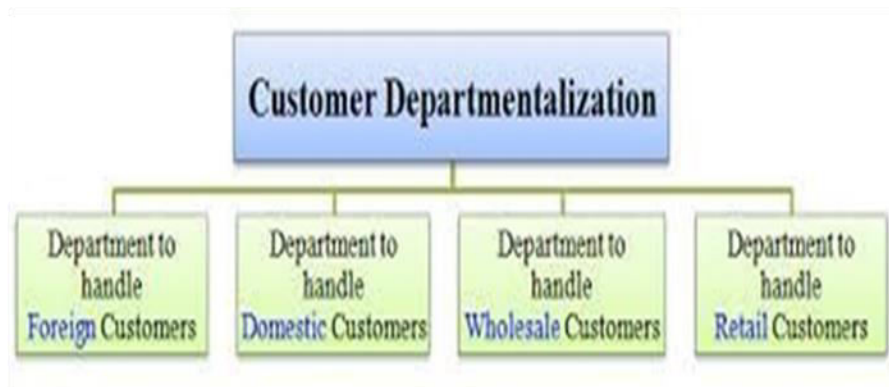
Advantages

The important advantages of customer departmentalization are the following:

- Special attention can be given to the particular tastes and preferences of each type of customer.
- Different types of customers can be satisfied, easily through specialized staff. Customers' satisfaction enhances the goodwill and sale of the enterprise.
- The benefits of specialization can be gained.
- The enterprise may acquire intimate knowledge of the needs of each category of customers.

Disadvantages:

This method of departmentalization may have certain disadvantages, specially when it is followed very rigidly. These are as follows:

- Co-ordination between sales and other functions becomes difficult because this method can be followed only in marketing division.
- There may be under-utilization of facilities and manpower in some departments, particularly during the period of low demand.
- It may lead to duplication of activities and heavy overheads,
- The managers of customer departments may put pressures for special benefits and facilities.

(E) Departmentalization by Process or Equipment

In such type or departmentalization the activities are grouped on the basis of production processes involved or equipment used. This is generally used in manufacturing and distribution enterprises and at lower levels of organisation. For instance, a textile mill may be organised into ginning, spinning, weaving, dyeing and finishing departments. Similarly, a printing press may have composing, proof reading, printing and binding departments. Such departmentalization may also be employed in engineering and oil industries.

Advantages:

- The basic object of such departmentalization is to achieve efficiency and economy of operations.
- The processes are set in such a way that a series of operations is feasible making operations economic. Efficiency can be achieved if departments are created for each process as each one has its peculiarities.
- It provides the advantages of specialization required at each level of the total processes. The maintenance of plant can be done in better way and manpower can be utilized effectively.
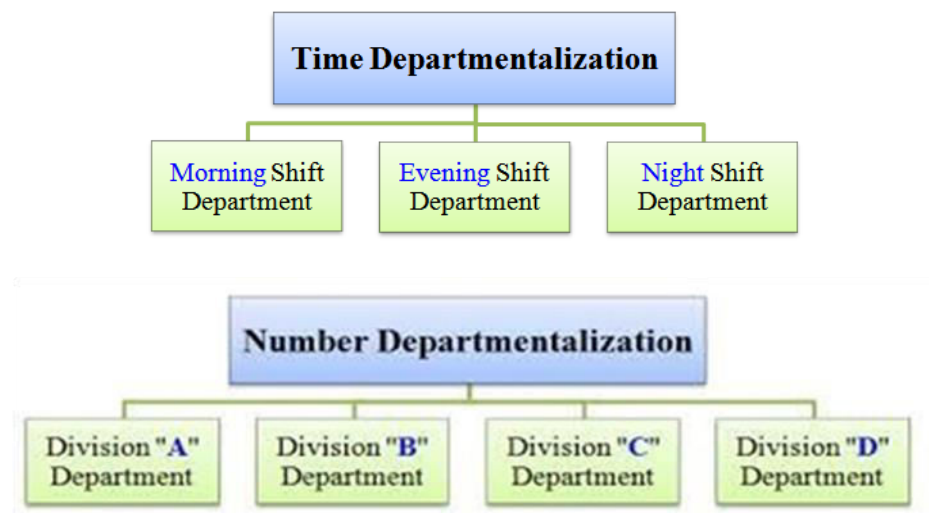
Disadvantages

- In such departmentalization, there may be difficulty in coordinating the different process-departments, because the work of each process depends fully on the preceding process.

So, there are chances of conflicts among the managers looking after the different processes. It cannot be used where manufacturing activity does not involve distinct processes.

(F) Departmentalization by Time and Numbers

* Under this method of departmentalization the activities are grouped on the basis of the time of their performance. For instance, a factory operating 24 hours may have three departments for three shifts—one for the morning, the second for the day, and the third for the night.

* In the case of departmentalization by numbers, the activities are grouped on the basis of their performance by a certain number of persons. For instance, in the army, the soldiers are grouped into squads, companies, battalions, regiments and brigades on the basis of the number prescribed for each unit.

* Such type of departmentalization is useful where the work is repetitive, manpower is an important factor, group efforts are more significant than individual efforts, and group performance can be measured. It is used at the lowest level of organisation.

Time Departmentalization

Morning Shift Department	Evening Shift Department	Night Shift Department

Number Departmentalization

Division "A" Department	Division "B" Department	Division "C" Department	Division "D" Department

| 3 | **Discuss the staffing procedure and career development in detail.(Nov 2017)** |

STAFFING

* It is the function of manning the organization structure and keeping it manned.

* Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc.

* The main purpose of staffing is to put right man on right job i.e. square pegs in square holes and round pegs in round holes.

* According to Kootz & O'Donell, "Managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal & development of personnel to fill the roles designed un the structure".

Steps involved in Staffing Process

1. Manpower Planning
2. Recruitment
3. Selection
4. Placement
5. Training
6. Development
7. Promotion
8. Transfer
9. Appraisal
10. Determination of Remuneration

1. Manpower Planning

Manpower planning can be regarded as the quantitative and qualitative measurement of labour force required in an enterprise. Therefore, in an overall sense, the planning process involves the synergy in creating and evaluating the manpower inventory and as well as in developing the required talents among the employees selected for promotion advancement

2. Recruitment

Recruitment is a process of searching for prospective employees and stimulating them to apply for jobs in the organization. It stands for finding the source from where potential employees will be selected.

3. Selection

Selection is a process of eliminating those who appear unpromising. The purpose of this selection process is to determine whether a candidate is suitable for employment in the organization or not. Therefore, the main aim of the process of selection is selecting the right candidates to fill various positions in the organization. A well-planned selection procedure is of utmost importance.

4. Placement

Placement means putting the person on the job for which he is selected. It includes introducing the employee to his job.

5. Training

After selection of an employee, the important part of the programmed is to provide training to the new employee. With the various technological changes, the need for training employees is being increased to keep the employees in touch with the various new developments.

6. Development

A sound staffing policy provides for the introduction of a system of planned promotion in every organization. If employees are not at all having suitable opportunities for their development and

promotion, they get frustrated which affect their work.

7. Promotions

The process of promotion implies the up-gradation of an employee to a higher post involving increasing rank, prestige and responsibilities. Generally, the promotion is linked to increment in wages and incentives but it is not essential that it always relates to that part of an organization.

8. Transfer

Transfer means the movement of an employee from one job to another without increment in pay, status or responsibilities. Therefore this process of staffing needs to evaluated on a timely basis.

9. Appraisal

Appraisal of employees as to how efficiently the subordinate is performing a job and also to know his aptitudes and other qualities necessary for performing the job assigned to him.

10. Determination of Remuneration

This is the last process which is very crucial as it involves in determining remuneration which is one of the most difficult functions of the personnel department because there are no definite or exact means to determine correct wages.

Benefits of Staffing Process

The benefits of an effective staffing function are as follows-

- Staffing process helps in getting right people for the right job at right time. The function of staffing helps the management to decide the number of employees needed for the organization and with what qualifications and experience.

- Staffing process helps to improved organizational productivity. Therefore, through proper selection of employees in the organization, it can increase the quality of the employees, and through proper training, the performance level of the employees can also be improved.

- It helps in providing job satisfaction to the employees and thus keeps their morale high. With proper training and development programmer, the employees get motivation and their efficiency improves and they feel assured of their career advancements.

- It maintains harmony in the organization. Therefore with an overall performance of proper staffing in an organization, the individuals are not only recruited and selected and but as a result, their performance is regularly appraised and promotions made on merit which fosters harmony and peace in the organization for the accomplishment of overall objectives of an organization.

CARRER DEVELOPMENT

Career development not only improves job performance but also brings about thegrowth of the personality. Individuals not only mature regarding their potential capacities but also become

better individuals.

Purpose of development

- Management development attempts to improve managerial performance by imparting Knowledge
- Changing attitudes
- Increasing skills

The major objective of development is managerial effectiveness through a planned and a deliberate process of learning. This provides for a planned growth of managers to meet the future organizational needs.

Development Process:

The development process consists of the following steps

1. Setting Development Objectives:

It develops a framework from which executive need can be determined.

2. Ascertaining Development Needs:

It aims at organizational planning & forecast the present and future growth.
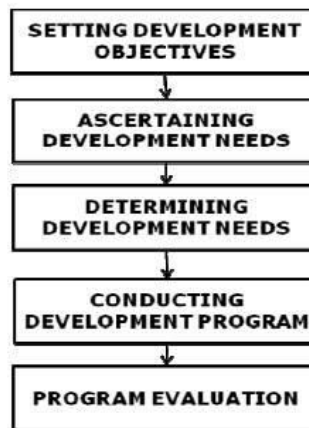
3. Determining Development Needs:

This consists of

- Appraisal of present management talent
- Management Manpower Inventory

The above two processes will determine the skill deficiencies that are relative to the future needs of the organization.

4. Conducting Development Programs:

It is carried out on the basis of needs of different individuals, differences in their attitudes and behavior, also their physical, intellectual and emotional qualities. Thus a comprehensive and well-conceived program is prepared depending on the organizational needs and the time & cost involved.

5. Program Evaluation:

It is an attempt to assess the value of training in order to achieve organizational objectives.

| 4 | **(i) Discuss the types of centralization. (8)** |

CENTRALIZATION:

It is the process of transferring and assigning decision-making authority to higher levels of an organizational hierarchy. The span of control of top managers is relatively broad, and there are relatively many tiers in the organization.

Characteristics

- Philosophy / emphasis on: top-down control, leadership, vision, strategy.
- Decision-making: strong, authoritarian, visionary, charismatic.
- Organizational change: shaped by top, vision of leader.
- Execution: decisive, fast, coordinated. Able to respond quickly to major issues and
- changes.
- Uniformity. Low risk of dissent or conflicts between parts of the organization.

Advantages of Centralization

- Provide Power and prestige for manager
- Promote uniformity of policies, practices and decisions
- Minimal extensive controlling procedures and practices
- Minimize duplication of function

Disadvantages of Centralization

- Neglected functions for mid. Level, and less motivated beside personnel.
- Nursing supervisor functions as a link officer between nursing director and first-line management.

(ii) Explain about the organizational culture. (8) (Nov2016)

Organizational Culture

- Organizational culture is an idea in the field of organizational studies and management which describes the psychology, attitudes, experiences, beliefs and values (personal and cultural values) of an organization.

- It has been defined as "the specific collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization."

Elements of Organizational Culture

Johnson and Scholes described a cultural web, identifying a number of elements that can be used to describe or influence Organizational Culture.

a) **Stories:** The past events and people talked about inside and outside the company. Who and what the company chooses to immortalize says a great deal about what it values, and perceives as great behaviour.

b) **Rituals and Routines:** The daily behaviour and actions of people that signal acceptable behaviour. This determines what is expected to happen in given situations, and what is valued by management.

c) **Symbols:** The visual representations of the company including logos, how plush the offices are, and the formal or informal dress codes.

d) **Organizational Structure:** This includes both the structure defined by the organization chart, and the unwritten lines of power and influence that indicate whose contributions are most valued.

e) **Control Systems:** The ways that the organization is controlled. These include financial systems, quality systems, and rewards (including the way they are measured and distributed within the organization.)

f) **Power Structures:** The pockets of real power in the company. This may involve one or two key senior executives, a whole group of executives, or even a department. The key is that these people have the greatest amount of influence on decisions, operations, and strategic direction.

5	**Explain human resource management activities in business organization?**(April 2017)
	Human Resource Management is the process of managing people in an organization in systematic and organised manner. The main goal of human Resource management is maximize the productivity by enhancing efficiency of employees in an organisation. To manage efficiently and accomplish the goals of any organisation, Human Resource Management is composed with various interrelated activities.
	Human resource management activities:
	1) Recruitment: Recruitment is one of the major functions of HRM. To attract and maintain skilled, experienced, dedicated, and well-motivated employees, a high level of resources and commitment is essential. Recruitment process involves various tasks those are developing the job specifications, advertising, sorting applications, job interviews and posting.
	2) Training and Development: On –the-job and refresher training for newly and existing employees is responsible of HR department. Training enhances specific skill among personnel of organization. Training programs might be specific job skills, communication skills, team building and legal and policy issues.
	3) Payroll: Accurate and on time handling compensation and payroll to everyone at the organisation is a chief duty of the HRM. Compensation might be guaranteed and variable pay.

Bonuses or incentive pay is contingent on performance. Hourly wages or fixed salary is guaranteed pay.

4) Employee and Labour/Management Relations: Managing harmonious relations between employees and management is key role of the human resource management department. Employee rights must be protected weather they are represented by unions or not.

5) Human Resource planning: The key functions of planning are anticipating future and avoid predicted problems.

6) Wage and salary administration: A better wage and salary system in an organisation enable to attract and keep employees long term as well as motivate them to perform their best. Hence, HRM should design effective pay system and implement with utmost care.

7) Job analysis: Job analysis provides the knowledge about manpower planning. Job analysis is a process of collecting job related information, which helps to job description and specification. Job description involves title of job, location, duties, Working conditions, hazards, duties, machines and tools. Job specification contains education, training, communication skills, physical skills, emotional characteristics and initiative.

8) Performance appraisal: Performance appraisal is major activity of HRM to provide training and development, making decisions on promotions, transfer and increment to their employees. Performance appraisal is assessment of individual performance in an organisation.it is systematic way to appraise the ability of employee related to performing job.

9) Industrial relations: Progress of any organisation depends on labour management harmonious relations. Hence, managing industrial harmony is one of the key functions of HRM deportment. Employers, employee and government involved in industrial relations.

10) Compensation: Compensation is an important tool to HRM department to attract, motivate and retain employees. Compensation not only dealing with monitory rewards but also non-monitory rewards like insurance, travel allowance, maternity benefits, retirement and other special benefits.

11) Health, Safety, and Security: Health, safety, and security aspects are important in any organisation to work at safe environment and well-being of workers In modern concept Physical as well as mental health and problems related to substance abuse, job stress, diversity and discrimination, sexual harassment and violence also concerns through employment assistance programmes.

12) Motivation: Intellectual, biological, emotional and social aspects determine motivation among individuals. Since organisation lies on more and more on people to get competitive advantage HRM deportment should formulate and implement essential intrinsic and extrinsic programmes to motivate their employees.

6	**Describe six key elements in organizational design**.(April 2018)

Six Key Elements in Organizational Design

Organizational design is engaged when managers develop or change an organization's structure. Organizational Design is a process that involves decisions about the following **six key elements:**
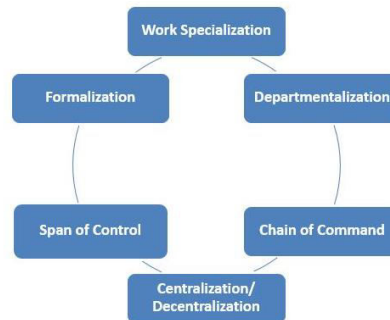
I. Work Specialization

Describes the degree to which tasks in an organization are divided into separate jobs. The main idea of this organizational design is that an entire job is not done by one individual. It is broken down into steps, and a different person completes each step. Individual employees specialize in doing part of an activity rather than the entire activity.

II. Departmentalization

It is the basis by which jobs are grouped together. For instance every organization has its own specific way of classifying and grouping work activities

1. Functional Departmentalization
2. Product Departmentalization
3. Geographical Departmentalization
4. Process Departmentalization
5. Customer Departmentalization

III. Chain of command

It is defined as a continuous line of authority that extends from upper organizational levels to the lowest levels and clarifies who reports to whom. There are three important concepts attached to this theory:

- Authority:

  Refers to the rights inherent in a managerial position to tell people what to do and to expect them to do it.

- Responsibility:

  The obligation to perform any assigned duties.

- Unity of command:

  The management principle that each person should report to only one manager.

IV. Span of Control

It is important to a large degree because it determines the number of levels and managers an organization has. Also, determines the number of employees a manager can efficiently and effectively manage

IV. Centralization and Decentralization

Centralization and decentralization are organizational design elements deciding the degree which decision-making is made at one central level or at various levels by employees. For example, all major budget decisions would filter to the chief executive officer and chief financial officer in a centralized fashion. Customer service decisions might be decentralized giving those interacting with customer directions on how to handle issues but the authority to make certain decisions

V. Formalization

- Smaller organizations tend to have informal elements where large organizations formalize roles more specifically. The reason smaller organizations use less formal standards is that employees may serve multiple roles as necessary. Bigger organizations need to formalize elements to ensure the right stuff gets done on time and correctly.

- Formalization might also be seen with specific job duties. For example, there may be a very specific way that payroll is done to ensure that everyone gets paid on time, with the correct withholding. The sales department might not be very formalized, and might allow each representative to find his organic process so that he may succeed.

| 7 | **Discuss the tasks associated with identifying and selecting competent employees.**(April 2018) |

Identifying and Selecting Competent Employees

1. **Human Resource Planning**

- Human Resource Planning: processes by which manager ensure that they have the right kinds of the people in the right places, at the right times, who can perform assigned tasks effectively and efficiently, involves two steps:

- Assessing Current Human Resources
  - Management generates a human resources inventory with information about each employee → ensures valuable skills are known and utilised by HR
  - Job Analysis: assessment that defines jobs and necessary behaviours to perform them – gathered directly through observation, interviews, questionnaires etc.
  - Job Description: written statement of what a job holder does, how it is done and why it is done → used to describe the job to potential candidates
  - Job Specification: statement on the minimum qualifications that a person must possess to perform a given job successfully – focuses on the person rather than the job → highlights necessary qualifications, assists in choosing candidates

- Meeting Future HR Needs
  - Future HR Needs determined by: organisations mission, goals, strategies
  - Demand for HR results from the demand for an organisations product/services
  - By estimating total revenue, managers can estimate the number and mix of human resources that will be needed
  - Advanced HR planning is necessary – changes in workforce nature/demands/environment must be accounted for, employees with highly sought after skills are difficult to obtain
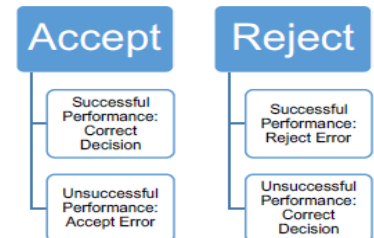
2. Recruitment and Decruitment

- <u>Recruitment</u>: process of locating, identifying and attracting capable candidates
  - o Candidates can be found from many sources, but the source used should reflect the local labour markets, type/level of the position and size of the organisation
  - o Online recruitment has become increasingly popular e.g. Woolworths

  - o Employee referrals have been found to produce the best candidates

Source	Advantages	Disadvantages
Internal Search	Low cost, builds morale, candidates familiar with organisation	Limited supply, may not increase proportion from protected groups
Advertisements	Wide distribution, targets specific groups	Generates unqualified candidates
Referrals	Generates strong candidates as referral reflects the recommender	May not increase diversity
Employment Agencies	Wide contacts, careful screening, short term guarantees often given	High cost, low commitment
University/College Recruitment	Large, centralised body of candidates	Entry-level positions only
Temporary Help	Fills temporary needs	Expensive, limited understanding of organisation
Internet	Large reach, immediate feedback, can target specific groups	Unqualified candidates

- <u>Decruitment</u>: techniques for reducing the labour supply within an organisation
  - o May be necessary to meet the demands of a dynamic market environment
  - o Some options are more beneficial to the organisation
  - o Methods include: resignation (voluntary termination), dismissal (involuntary), redundancy/retrenchment (dismissal), transfer, lay-off (temporary), attrition (not filling openings created by resignations/retirement), early-retirement, reduced work-week, job sharing

3. Selection

- <u>Selection Process:</u> screening job applicants to ensure most appropriate candidates hired
- Involves predicting which applicants will be successful if hired
- Reject Errors → additional screening costs to find acceptable candidates, cost of discrimination charged (if they arise)
- Accept Error → training cost, profits lost due to incompetence, severance costs, recruitment/screening costs
- <u>Validity</u>: proven relationship between selection device and relevant job criterion → validity reduced chances of errors
- E.g. If used, management must prove a personality test can be related to performance
- <u>Reliability</u>: ability of a selection device to measure the same thing consistently
- If a device is unreliable, it cannot be effective and the results will not matter
- Realistic Job Preview: provides both positive and negative information about the job and company → reduces unrealistic expectations (causes turnover), mismatched applicants

Accept
- Successful Performance: Correct Decision
- Unsuccessful Performance: Accept Error

Reject
- Successful Performance: Reject Error
- Unsuccessful Performance: Correct Decision

Selection Device	Description	Usage	Positives	Negatives
Application Form	Can be simple (basic information) or complex	Almost universal	Can predict job performance if prepared right	Must be checked for discriminatory elements
Written Test	May include: intelligence, aptitude, personality, interest	Popular, only where job related	Relatively good predictor for supervisory positions	Must be checked for discriminatory elements

Performance-Simulation Tests	Work Sampling: applicants presented with a miniature replica of a job and asked to perform central tasks	Used in routine and standardised work	Use actual job behaviours	Costly, but inefficient selection may cost more
	Assessment Centres: candidates undergo performance-simulation tests to evaluate managerial potential	Used to evaluate managerial potential (major firms)		
Interviews	Questions asked and answered by applicant	Almost universal	Can be valid and reliable if used right (structured and well organised)	Certain questions should be avoided (disability), subject to biases
Background Investigations	Verifying Application Data	Valuable for Applications	Many applicants lie on resumes	Expensive
	Reference checks (personal references more effective)	Not Valuable	None lol	Expensive,
Physical Examinations	Needed for very small number of physical jobs – insurance purposes	Used for jobs with physical requirements	Allows insurance to be used	Some requirements exclude disabled people

| 8 | **Explain line and staff organization. List down its merits and demerits. (May 2014) (May 2016)(April 2017) (Nov 2017)(April 2019)**

Line and Staff organization

- A Line function is one that directly advances an organization in its core work.

- A Line function is one that directly advances an organization in its core work. This always includes production, sales and marketing. In an organizational set-up, those who possess line authority are the people directly involved in the basic activities of the enterprise.

- The line managers are responsible for achieving the results, so they are having authority to decide an implement decisions.

- The Staff officials are experts and having specialized knowledge in their respective field, so they will guide and advice line managers and they do not have any authority for decision making.

- The Line managers can accept or reject the suggestions given by the Staff managers.

- Line and staff functions frequently overlap. Most staff executives may also simultaneously be line executives.

- For example, when the chief accounts officer gives expert advice to the chief line officer in respect of tax and accounting matters, he acts as a staff officer. When he supervises and controls the work of subordinates in his own department, he performs the functions of a line executive.

- When he directs the executives at different levels to follow certain specific accounting |

procedures in their respective departments, he assumes the role of a functional executive.

- For eg: In the armed forces, the roles of line and staff agencies are clearly demarcated.
- The line part of the organisation does the front line fighting while the staff plays the supporting role (in the supply of information, logistics and so on).
- However, the staff managers are also trained to handle the front line roles in case of an emergency in the front-line battle front.
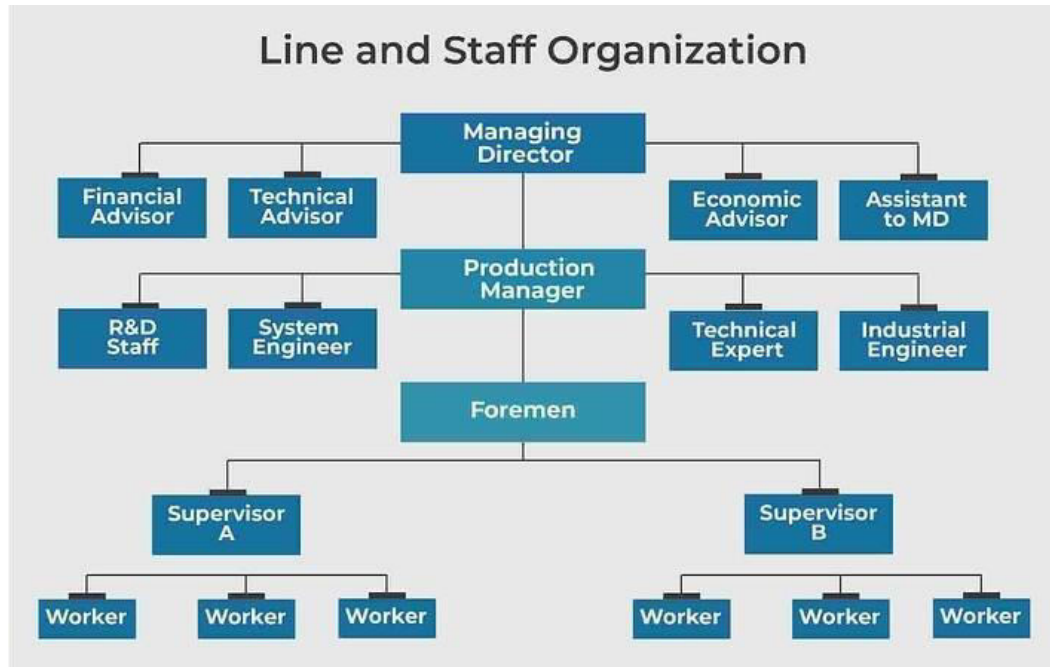
Merits of Line and Staff Organisation

- Expert advice: Line executives and through them the enterprise as a whole, benefit a great deal from the expert advice and guidance provided by the staff officers.
- Relief to line executives: Staff executives carry on detailed analysis of each important managerial activity. Hence line executives do not have to undertake specialized investigation of each problem - situation, for which they may not always be competent.
- Training of young staff executives: A line and staff organisation offers an opportunity to young staff executives to acquire expertise in their respective fields of activity.

Demerits of Line and Staff Organisation

- Confusion: It may not always be possible to determine the pattern of authority relationships between line and staff executives, which might create confusion.
- Expertise not aided by authority: Staff executives may be experts in their fields of activity but they only have an advisory role. They lack authority to implement their advice.
- Centralisation: In a line and staff organisation, line executives alone have the power to make and execute decisions. Thus it tends towards centralization of authority in a few hands.

9	**Illustrate the steps involved in recruitment process (May 2014) (April 2019)**
	RECRUITMENT PROCESS

Recruitment is the process of finding and attempting to attract job candidates who are capable of effectively filling job vacancies. The recruitment process consists of the following steps

- Identification of vacancy
- Preparation of job description and job specification
- Selection of sources
- Advertising the vacancy
- Managing the response
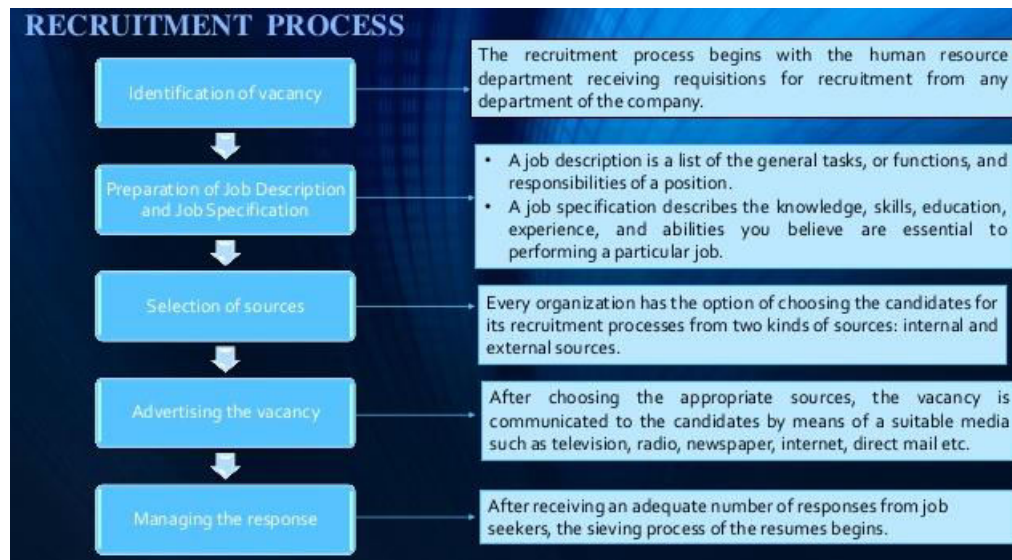
a) Identification of vacancy:

The recruitment process begins with the human resource department receiving requisitions for recruitment from any department of the company. These contain:

- Posts to be filled
- Number of persons
- Duties to be performed
- Qualifications required

b) Preparation of job description and job specification:

A job description is a list of the general tasks, or functions, and responsibilities of a position. It may often include to whom the position reports, specifications such as the qualifications or skills needed by the person in the job, or a salary range. A job specification describes the knowledge, skills, education, experience, and abilities you believe are essential to performing a particular job.

c) Selection of sources:

 Every organization has the option of choosing the candidates for its recruitment processes from two kinds of sources: internal and external sources. The sources within the organization itself (like transfer of employees from one department to other, promotions) to fill a position are known as the internal sources of recruitment. Recruitment candidates from all the other sources (like outsourcing agencies etc.) are known as the external sources of the recruitment.

d) Advertising the vacancy:

 After choosing the appropriate sources, the vacancy is communicated to the candidates by means of a suitable media such as television, radio, newspaper, internet, direct mail etc.

e) Managing the response:

 After receiving an adequate number of responses from job seekers, the sieving process of the resumes begins. This is a very essential step of the recruitment selection process, because selecting the correct resumes that match the job profile, is very important. Naturally, it has to be done rather competently by a person who understands all the responsibilities associated with the designation in its entirety. Candidates with the given skill set are then chosen and further called for interview. Also, the applications of candidates that do not match the present nature of the position but may be considered for future requirements are filed separately and preserved.

The recruitment process is immediately followed by the selection process.

| 10 | **Explain the process of selection with a neat sketch**. **(Nov 2019)** |

Staffing: Selection Process

    Selecting a suitable candidate can be the biggest challenge for any organisation. The success of an organization largely depends on its staff. Selection of the right candidate builds the foundation of any organization's success and helps in reducing turnovers.

Selection Process

   Selecting a suitable candidate can be the biggest challenge for any organisation. The success of an organization largely depends on its staff. Selection of the right candidate builds the foundation of any organization's success and helps in reducing turnovers.

1 Initial Screening

   This is generally the starting point of any employee selection process. Initial Screening eliminates unqualified applicants and helps save time. Applications received from various sources are scrutinized and irrelevant ones are discarded.

2 Preliminary Interview

It is used to eliminate those candidates who do not meet the minimum eligibility criteria laid down by the organization. The skills, academic and family background, competencies and interests of the candidate are examined during preliminary interview. Preliminary interviews are less formalized and planned than the final interviews. The candidates are given a brief up about the company and the job profile; and it is also examined how much the candidate knows about the company. Preliminary interviews are also called screening interviews.

3 Filling Application Form

An candidate who passes the preliminary interview and is found to be eligible for the job is asked to fill in a formal application form. Such a form is designed in a way that it records the personal as well professional details of the candidates such as age, qualifications, reason for leaving previous job, experience, etc.

4 Personal Interview

Most employers believe that the personal interview is very important. It helps them in obtaining more information about the prospective employee. It also helps them in interacting with the candidate and judging his communication abilities, his ease of handling pressure etc. In some Companies, the selection process comprises only of the Interview.

11	**Explain the types of organizations mentioning its advantages and disadvantages? (Nov 2019)**

Organizations are basically clasified on the basis of relationships. There are two types of organizations formed on the basis of relationships in an organization

1. **Formal Organization -** This is one which refers to a structure of well defined jobs each bearing a measure of authority and responsibility. It is a conscious determination by which people accomplish goals by adhering to the norms laid down by the structure. This kind of organization is an arbitrary set up in which each person is responsible for his performance. Formal organization has a formal set up to achieve pre- determined goals.

2. **Informal Organization -** It refers to a network of personal and social relationships which spontaneously originates within the formal set up. Informal organizations develop relationships which are built on likes, dislikes, feelings and emotions. Therefore, the network of social groups based on friendships can be called as informal organizations. There is no conscious effort made to have informal organization. It emerges from the formal organization and it is not based on any rules and regulations as in case of formal

organization.

Relationship between Formal and Informal Organizations

Formal Organizations	Informal Organizations
Formal Organization is an organization in which job of each member clearly defined, whose authority, responsibility and accountability fixed	Informal Organization is formed within the formal organization as a network of the interpersonal relationship when people interact with each other.
Formal organization originates from the set organizational structure	informal organization originates from formal organization
Formal organization can work independently	Informal organization depends totally upon the formal organization.
The formal organization is goal-oriented	An informal organization, on the other hand, develops automatically and spontaneously.
The behavior of the members of the formal group is according to rules and regulations set by the management.	The behavior of the members of the informal group is according to the individual and group interests.
Focus on Work Performance	Focus on Interpersonal relationship

Features of Formal organisation:

(1) The formal organisational structure is created intentionally by the process of organising.

(2) The purpose of formal organisation structure is achievement of organisational goal.

(3) In formal organisational structure each individual is assigned a specific job.

(4) In formal organisation every individual is assigned a fixed authority or decision-making power.

(5) Formal organisational structure results in creation of superior-subordinate relations.

(6) Formal organisational structure creates a scalar chain of communication in the organisation.

Advantages of Formal Organisation:

1. Systematic Working:

   Formal organisation structure results in systematic and smooth functioning of an organisation.

2. Achievement of Organisational Objectives:

   Formal organisational structure is established to achieve organisational objectives.

3. No Overlapping of Work:

   In formal organisation structure work is systematically divided among various departments and employees. So there is no chance of duplication or overlapping of work.

4. Co-ordination:

Formal organisational structure results in coordinating the activities of various departments.

5. Creation of Chain of Command:

Formal organisational structure clearly defines superior subordinate relationship, i.e., who reports to whom.

6. More Emphasis on Work:

Formal organisational structure lays more emphasis on work than interpersonal relations.

Disadvantages of Formal Organisation:

1. Delay in Action:

While following scalar chain and chain of command actions get delayed in formal structure.

2. Ignores Social Needs of Employees:

Formal organisational structure does not give importance to psychological and social need of employees which may lead to demotivation of employees.

3. Emphasis on Work Only:

Formal organisational structure gives importance to work only; it ignores human relations, creativity, talents, etc.

Features of informal organisation:

(1) Informal organisational structure gets created automatically without any intended efforts of managers.

(2) Informal organisational structure is formed by the employees to get psychological satisfaction.

(3) Informal organisational structure does not follow any fixed path of flow of authority or communication.

(4) Source of information cannot be known under informal structure as any person can communicate with anyone in the organisation.

(5) The existence of this organisational structure depends on formal organisation structure.

Advantages of Informal Organisation:

1. Fast Communication:

Informal structure does not follow scalar chain so there can be faster spread of communication.

2. Fulfills Social Needs:

Informal communication gives due importance to psychological and social need of employees which motivate the employees.

3. Correct Feedback:

Through informal structure the top level managers can know the real feedback of employees on various policies and plans.

Disadvantages of Informal organisation:

1. Spread Rumours:

According to a survey 70% of information spread through informal organisational structure are rumors which may mislead the employees.

2. No Systematic Working:

Informal structure does not form a structure for smooth working of an organisation.

3. May Bring Negative Results:

If informal organisation opposes the policies and changes of management, then it becomes very difficult to implement them in organisation.

4. More Emphasis to Individual Interest:

Informal structure gives more importance to satisfaction of individual interest as compared to organisational interest.

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12 | **Assume you are posted in HR Manager in a leading organization. How will you conduct the recruitment drive for your company?(April 2019)**

The job of my HR Manager duty is important to business success. People are our most important asset and I will be the one to ensure that we have a happy and productive workplace where everyone works to realize our established mission and objectives. Promoting corporate values and shaping a positive culture is a vital aspect of a complete HR Manager job description and specification.

My Responsibilities are:

- Develop and implement HR strategies and initiatives aligned with the overall business strategy
- Bridge management and employee relations by addressing demands, grievances or other issues
- Manage the recruitment and selection process
- Support current and future business needs through the development, engagement, motivation and preservation of human capital
- Develop and monitor overall HR strategies, systems, tactics and procedures across the organization
- Nurture a positive working environment
- Oversee and manage a performance appraisal system that drives high performance
- Maintain pay plan and benefits program

- Assess training needs to apply and monitor training programs
- Report to management and provide decision support through HR metrics
- Ensure legal compliance throughout human resource management

To conduct an efficient recruitment drive

- Assessed the vacancy.
- Evaluated the job role and are clear of the role and responsibilities of the job vacancy.
- Have detailed the skill set required.
- Have determined the manpower required to fill the position or job role.
- Assessed the trends in the labour market.
- Have clearly detailed your business goals.

13.	**Describe the various types of training. (Dec2021)**

The various types of training imparted to the employees in an organisation are as follows:-

     i.   **Induction/orientation training.**

     ii.   **Job Training/in-plant training.**

     iii.   **Apprenticeship/craft training.**

     iv.   **Internship training.**

     v.   **Refresher/re-training.**

(i) Induction Training:

This is a training which is imparted to a new employee at the time when he or she joins the organisation. This training is imparted to them to build up their confidence in the organisation and to give them information about the various procedures, rules and regulations. They are introduced to their work environment and the fellow employees in order to promote a feeling of belongingness and loyalty amongst them.

(ii) Job Training:

This given in different ways to make the workers proficient in handling various machines, equipment and materials so that their operations are smooth and fault less and accidents on the job can be avoided.

(iii) Crafts Training:

Such type of craftsmanship training involves preparation, for learning a specific craft thoroughly and become a competent craftsman. The extent and intensity of training varies from crafts to craft. Apprenticeship training is the major method adapted for such type of training.

(iv) Promotional Training:

The existing talented employees may be given adequate training to make them eligible for promotion to higher jobs in the organisation. The purpose of such training is to make the

	employees fit for undertaking higher job responsibilities.
	(v) Refresher Training:
	t is meant for the old employees of the enterprise. Its purpose is to acquaint the existing workforce with the latest methods of performing their jobs and improve their efficiency further.

UNIT IV - DIRECTING

Foundations of individual and group behavior-Motivation-Motivation theories-Motivational techniques- Job satisfaction- Job enrichment-Leadership-Types and theories of leadership-Communication-Process of communication-Barrier in communication-Effective communication-Communication and IT

UNIT IV – PART A

1	**Define Leading.**
	Leading or Leadership is the art of getting things done through mobilizing, motivating, inspiring and guiding subordinates to perform well and achieve the organizational goals. It is a process of inducing confidence in people so that they will contribute in a focused way and align their goals with the organizational objectives.
2	**Define Motivation.** (May2019)
	It is a process of stimulating people to achieve/ accomplish desired goals. Motivation is defined as "those forces operating within the individual employee or subordinate which impel him to act or not or to act in certain ways. Motivation is mainly psychological. It acts as a driving force for successful implementation of the management objectives eradicating psychological barriers.
3	**What is the role of a Democratic leader?**
	He consults with subordinates on proposed actions and decisions and encourages participation from them. A democratic leader listen to his subordinate view points and give opportunity for inclusive growth and will lead the team from behind being a motivator and lead by example.
4	**What are the Styles of Leadership?** (May 2016, Dec2018)
	• Autocratic, Authoritarian, Coercive, or Commanding.
	• Affiliative.
	• Bureaucratic
	• Coaching.
	• Democratic, Facilitative, or Participative

	• Laissez-Faire or Delegative. • Emergent. • Pacesetting.
5	**Define Job Enrichment.** **(May 2017, Dec2017)** It attempts to make a job more varied by removing the dullness associated with performing /repetitive and monotonous operations. A conductive work environment with aids for motivation, relaxation and taken care-off attitude from management will make the employees feel good while during or executing work.
6	**What is QWL?** QWL is quality of work life. It is the degree to which members of a work organization can satisfy important personal needs through their experience in the organization. It denotes all the organizational inputs which aim at the employee's satisfaction and enhancing organizational effectiveness.
7	**Define Leadership as an Art.** Great leadership is an art. It is the art of achieving progress through the involvement and actions of others. Therefore great leaders are strong in both leading people and leading for results, while good leaders typically focus their leadership on only one or the other.
8	**Define Communication**. Communication is the process of transmitting ideas, facts, opinions and feelings to others. Communication is a mutual interchange process that occurs between two or more persons.
9	**What are the various types of communication?** Formal, informal, vertical, horizontal, grapevine, written and oral communication.
10	**What is Country club management?** In a country club management, the mangers have little or no concern for production, but are concerned for people or the employees.
11	**What are the types of needs?** Primary Needs: Physiological requirements such as food, sleep, water and shelter. Secondary needs: Self-esteem status, care, accomplishment and affiliation with others.
12	**Explain - Maslow's Needs. / Elements of Maslow's hierarchy of needs.** **(Nov2016)** Physiological needs, Safety needs, Social needs, Self- Esteem needs and Self-

	actualization needs.
13	**Define Incentives.** An incentive is something which stimulates a person towards some determination. Incentives are a way of motivation and termed as monetary benefits appraised for best or better performing employees by the organization.
14	**What is Innovation?** Innovation is termed as generation of NEW ideas for existing products/problems and simpler and modified ways of doing for an existing method. Innovation is a strategy, that every organization adopts for automation and control over its process/system. Innovation is a key to successful branding of the company in international market and be competitive. Innovation helps in up gradation and integration of technologies example: Mobile phones –Smart phone, where integration of functions is available in a singlesystem.
15	**What are Job content factors?** Achievement, advancement, responsibility, respect, growth and development
16	**Define Expectancy theory.** The Expectancy Theory states that by clarifying the path to achieving good performance and removing pitfalls and enhancing personal satisfaction for the job, a leader is able to more effectively motivate his subordinates in work.
17	**What is an Equity theory?** Equity theory focuses on determining whether the distribution of resources is fair to both relational partners. Equity is measured by comparing the ratio of contributions and benefits for each person.
18	**Define Creativity.** Creativity is the ability and power to develop new ideas. This is a virtual idealization of a system or concept and later develops into a workable product.
19	**What is the importance of leadership?** Securing co-operation, creating confidence in the minds of employees, providing good working climate.
20	**Define Brainstorming.** **(May2018)** Brainstorming is a problem solving technique. Improve problem solving by finding new ideas and unusual solution. A team destined will sit and discuss about a problem and find

	out different solutions for solving it. A best optimum solution to a problem can be found when different counterparts sit together and brainstorm on that problem so that remote issues will be addressed and not missed out.
21	**What is effective communication? (Dec2016)**
	Effective communication is defined as verbal speech or other methods of relaying information that get a point across. An example of effective communication is when you talk in clear and simple terms.
22	**What is personality ? (May2017)**
	Personality is usually defined as the set of habitual behaviors, cognitions and emotional patterns that evolve from biological and environmental factors.
23	**What are the advantages of democratic leadership styles?(May 2018)** • Brings more viewpoints to the table • Allows for more efficient problem solving • Invites higher levels of commitment • Builds team relationships. • Increases morale and job satisfaction. • Honesty is prioritised. • A strong and clear vision for the future is built
24	**What is job satisfaction? (Dec2017)**
	Job satisfaction is in regard to one's feelings or state-of-mind regarding the nature of their work. Job satisfaction can be influenced by a variety of factors, eg, the quality of one's relationship with their supervisor, the quality of the physical environment in which they work, degree of fulfillment in their work, etc.
25	**What is meant by downward communication? (Dec2018)**
	Downward communication involves a message travelling to one or more receivers at the lower level in the hierarchy. The message frequently involves directions or performance feedback. The downward flow of communication generally corresponds to the formal organizational communications system, which is usually synonymous with the chain of command or line of authority.
26	**What is the meaning of leadership? (May2019)**
	Leadership can be described as the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of an organization or group of which they are members. A person who can bring about change, therefore, is

		one who has this ability to be a leader.
27		**Distinguish Personality from values.**

BASIS	PERSONALITY	VALUES
Explanation	Ours patterns of thinking and feeling	One's judgment of what is important in the life
Impact	What we naturally tend to do. Affects our work styles and how we make more spontaneous decisions	What we think we ought to do. Affects larger and more deliberate decisions like how we set goals, priorities our time manage emotion
Conflict	Different personalities might antagonize each other, but personality traits don't conflict each other: People also don't tend to think their personality is right and that others are wrong – they are clearly just different. This makes accepting diversity easier	There is a higher risk of conflict when we compare values. Some values tend to be pursued at the expense of the others and by definition people tend to think their prioritization of values is right. Therefore there is more common conflict between team members when it's a values difference.
Nature of nurture	Nature and some nurture. There is robust evidence that genetic factors substantially influence personality traits.	Nurture. Values are learned through social interactions in society and especially parents and peers.
Use	Useful to understand our style and how we may appear to others. Comparing our personality and preference to behave in certain wats can be matched against roles that need to be performed	an individual's congruence with team values can help predict performance. Useful to understand the root of conflict between pairs in the team. Enables comparison of personal and organizational values.

28		**Illustrate the distinct qualities of a good leader**

- Self-aware and prioritize personal development.

- Focus on developing others.

- Encourage strategic thinking, innovation, and action.

- Ethical and civic-minded.

- Practice effective cross-cultural communication.

UNIT IV - PART B

1 **Explain the motivation theories.   (May 2016, April 2017, Nov 2017, Nov 2018)**

Compare and contrast early theories of motivation.   (April 2018)

Critically examine Maslow's need priority model. (Dec 2021)

1.   **Maslow's Need Hierarchy Theory**
2.   **McGregor's X Theory & Y Theory**
3.   **Herzberg's Two Factor Theory**
4.   **McClelland's Need Theory**

Motives (Needs) are classified into:

- **Primary needs**: Physiological requirements such as food, sleep, water and shelter.

- **Secondary needs**: self-esteem, status, affection, accomplishment and affiliation with others.

   1. **Maslow's Need Hierarchy Theory:**

Physiological needs:- These include the needs for food, water, shelter, sleep and sex. Until these needs are met and satisfied, the satisfaction of other level needs will not motivate people. Nothing else becomes more important until these need are satisfied.

Safety needs:- once the physiological needs are satisfied, the safety needs become significant. It represents the need for stable environment free from threats (fear of losing a job, fire, accident or murder). This also includes provision for old age, insurance and safer working conditions.

Social needs (or Belonging needs): - this represents need to love and to be loved. They include affection, friendship, affiliation and status within a group. When employees' physiological and safety needs are satisfied, social needs becomes significant motivators of behaviour.

Esteem needs (or Ego needs or Status needs): - this include the employee's need for self-respect and esteem (respect) from others. This need produces satisfaction such as power, prestige, status and self-confidence. These needs can be satisfied through a very good organizational climate, rewards, praises and promotions.

Self-Actualization needs:- this need never has been defined either by Maslow or by subsequent theorists. This is the need for self-fulfillment. It involves realizing one's own potentialities, capabilities for continued self- development and self-fulfillment. It is a personal achievement. Such achievements provide more satisfaction to a person.

The specialty of Maslow's theory is that the needs arise in a certain order of preference.

Physiological and safety needs are called a lower-order needs, and social, esteem and self-actualization needs are called a higher order needs. The higher order needs are satisfies internally where as lower order needs are satisfied externally. Even though Maslow's hierarchy of needs theory is accepted by many industrial psychologists, it is still subjected to lot of criticism. The experiments in Europe and Japan revealed that this theory does not apply effectively to their executives. Most of the American workers do not confirm to this theory as they do not very much bother about their psychological and safety needs.

SELF ACTUALIZATION

ESTEEM

SOCIAL

SAFETY

PHYSIOLOGICAL
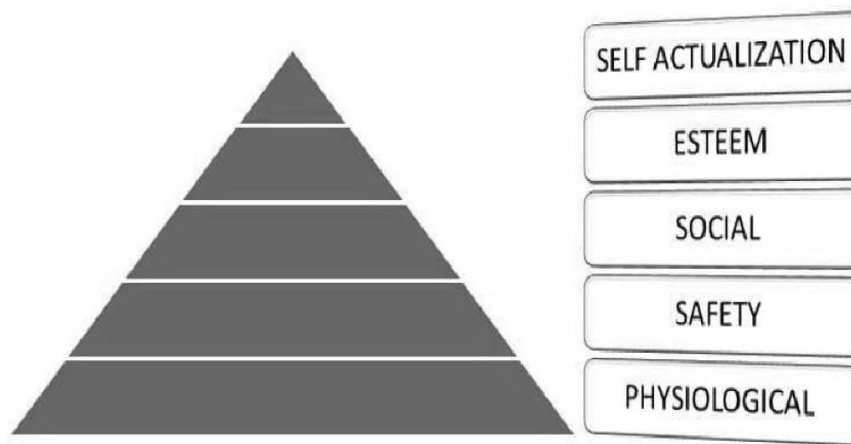
2. **McGregor's assumptions: theory X and theory Y Theory X assumptions:**

- Employees are fundamentally lazy.
- Employee inherently dislikes work, whenever possible, will avoid it.
- They lack ambition and dislike responsibility.
- They must be controlled, directed or threatened with punishment to achieve organizational objectives.
- They are by nature resistant to change and they are not very bright.
- Employees are indifferent to organizational goals or objectives.

These are negative views are termed as theory 'X'. Theory X is persistence and rigid.

Theory 'X' suggests that managers are required to control or threaten employees in order to motivate them.

Theory 'Y' assumptions:

- Employees like work and view work as being as natural as play or rest.
- Employees are need not to be controlled or directed so long as they are committed to the organizational objectives.
- Under proper conditions employee will accept, even seek responsibility.
- Employees are able to exercise imagination and creativity in the solutions of

organizational problems.

- The degree of commitment to objective is in proportion to the size of reward associated with the achievement.

Theory 'Y' is optimistic dynamic and flexible. It is basically a process of creating opportunities, removing obstacles, encouraging growth and providing guidance. It also provides two way communication, participative management, decentralization and delegation of authority, emphasis on self- control, self-responsibility and self-discipline, emphasis on satisfaction of higher level needs and maximum scope of management development programs.

Theory 'X' and Theory 'Y' results in   hard and soft management, respectively.

The hard approach may produce resistance. The soft approach may result in Laissez-Faire management.
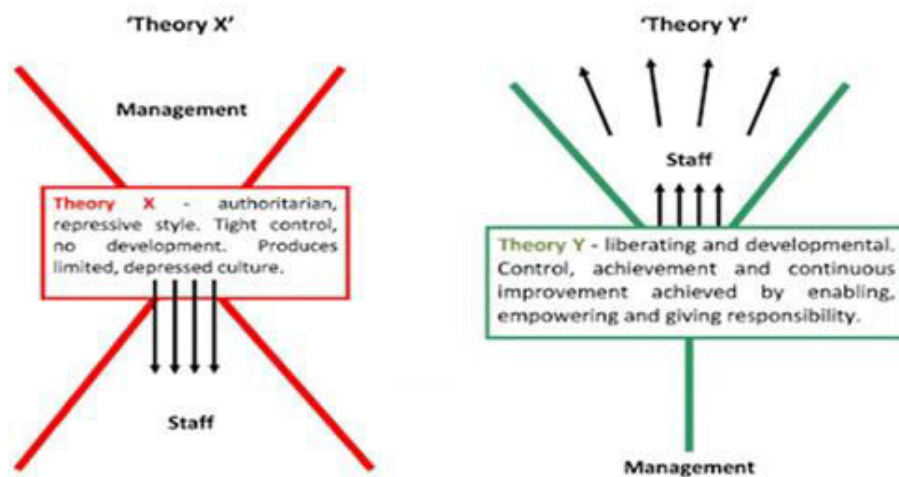
3.   Herzberg's Motivation- Hygiene Theory (two factor model)

He concluded that certain factors tend to lead a job satisfaction, whereas others lead to dissatisfaction. The former he referred as 'Motivators' or 'Satisfiers' the latter is referred as Hygiene factors (dissatisfiers).

Common Motivators (or satisfiers) are:

- Achievement
- Recognition
- Advancement
- Personal growth
- The work itself
- Challenging work

The important Hygiene factors (dissatisfiers) are:

- Salary

- Working conditions
- Company policy and administration
- Job security
- Status
- Interpersonal Relations- Supervisions

4. McClelland's Need Theory:

McClelland's needs theory of motivation:

1. Need for power
2. Need for affiliation
3. Need for achievement

Each people posses these motives in varying degrees. However, one of the needs will tend to be more characteristics than other two.

Need for power : - people with a high need for power have a great concern for exercising influence and control over others. Such people have the desire to dominate others, to be responsible for others, and to hold authority over them. Generally, they like leadership; they are good conversationalist, argumentative; they are forceful, outspoken and demanding; and they enjoy teaching and public speaking.

Need for affiliation : - people with high affiliation give importance to inter-personal relationships and they have the desire to maintain warm relationships with others. They want to be loved by others and they tend to avoid pain of being rejected by a social group. They respect feelings of other and are ready to help others in trouble and enjoy friendly interactions with others.

Social relationships are more important for them than task accomplishment. They are motivated by jobs that demand frequent interaction with fellow employees.

Need for achievement : - people with high need for achievement have an intense desire for success and equally intense fear of failure. They have the desire to accomplish difficult tasks, to solve difficult problems, to do things more efficiently, and to master complete tasks. Such people are goal oriented, seek a challenge and desire feedback in their performance. They tend to be restless, like to work long hours and tend to like to run their own shows.

How McClelland's theory applied to managers

McClelland found that president of small companies have very high achievement and motivation. In large companies, chief executives are average in achievement, and often strong in power and affiliation. Managers in the upper middle management rated higher in achievement motivation. every company should probably have managers who posses fairly strong achievement motivation,

also have a high need for affiliation.

Expectancy theory of motivation: (Volts Vroom)

According to Vroom, people will be motivated to do things to reach a goal. This theory explains how a person perceives the relationships between effort, performance and rewards. Vroom introduced three factors based on the individual's perception: **Expectancy; Instrumentality; Valence**

Expectancy: - it is the perception that a particular action will produce a particular outcome

Instrumentality:- it is the perception that an individual receives desired rewards for an effective performance

valence:- it is the perception that attractive rewards are potentially available. (Example) increased salaries or promotion.

These three factors combine together to create a driving force (Force), which motivates an individual to put in effort, achieve an effective performance, and obtain rewards at the end.

Vroom suggested the formula: -

Motivation (Force) = Expectancy x Valence

However, effort alone will not lead to effective performance. The other factors such as personality, knowledge and skill and the way in which he perceives his role affects the performance.

Rewards may be put into two categories: (i) **Intrinsic (ii) extrinsic**

(i)   **Intrinsic rewards** are those gained from fulfilling higher level needs such as self-esteem and personal growth.

(ii)   **Extrinsic re**wards are provided by the organization such as pay, promotion and working conditions.

When a person is indifferent about achieving a certain goal, a valence (reward) of zero occurs. There is a negative valence when the person would not achieve the goal. In either case, people will not be motivated.

Expectancy theory of motivation: (Volts Vroom)

Porter and Lawler model -- Expectancy theory
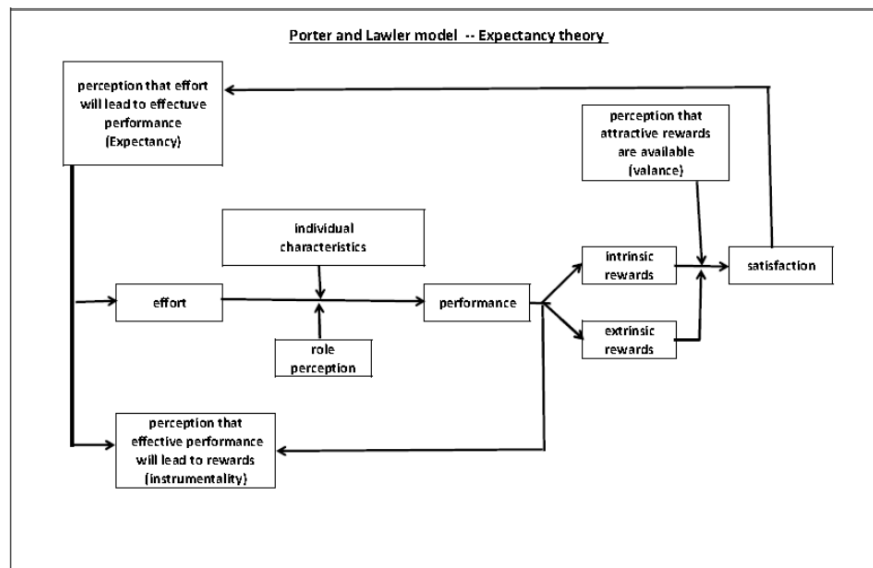
Stacey Adam's Equity Theory:-

EQUITY THEORY
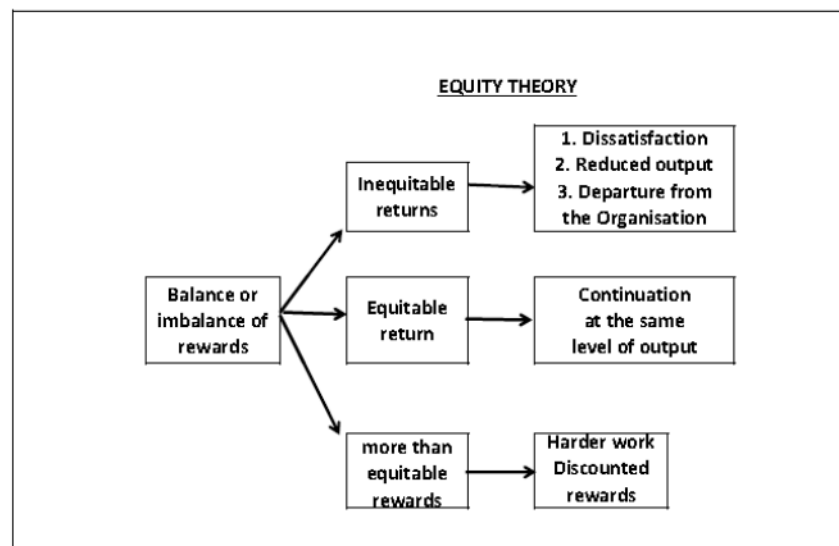
| 2 | **Explain the various types of leadership with its different styles.**   (Nov 2016,Nov 2018) |

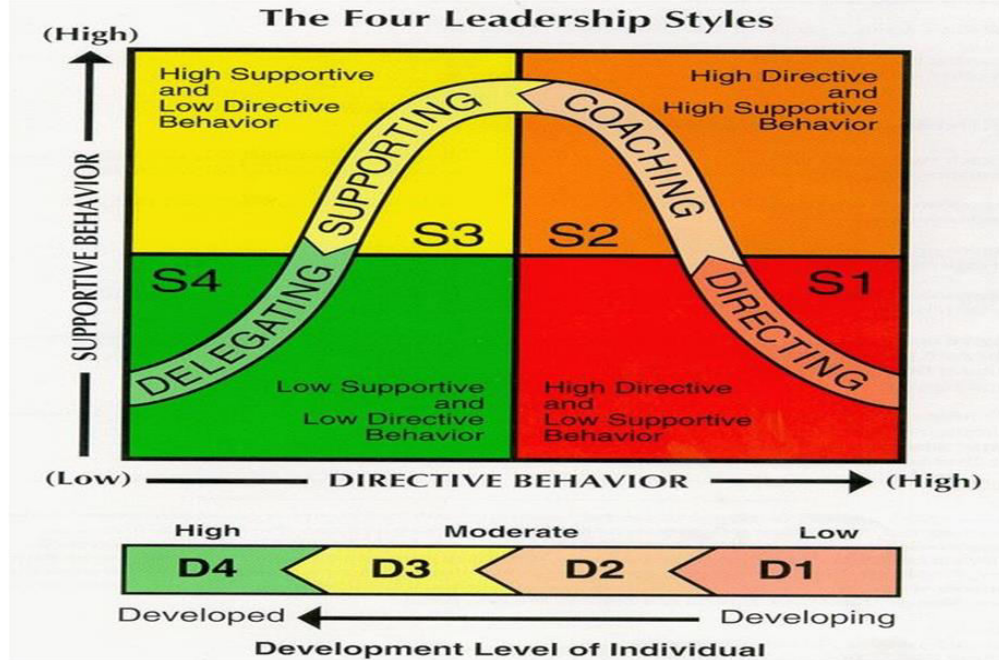**Types of Leadership Styles**

Autocratic.

Democratic.

Laissez-faire.

Paternalistic

1. Autocratic or Authoritarian leadership

An autocratic leader centralizes power and decision-making in himself. He gives orders, assigns tasks and duties without consulting the employees. The leader takes full authority and assumes full responsibility.

Autocratic leadership is negative, based on threats and punishment. Subordinates act as he directs. He neither cares for their opinions nor permits them to influence the decision. He believes that because of his authority he alone can decide what is best in a given situation.

Autocratic leadership is based upon close supervision, clear-cut direction and commanding order of the superior. It facilitates quick decisions, prompt action and unity of direction. It depends on a lesser degree of delegation. But too much use of authority might result in strikes and industrial disputes. It is likely to produce frustration and retard the growth of the capacity of employees.

The employees work as hard as is necessary to avoid punishment. They will thus produce the minimum which will escape punishment.

This leadership style is less likely to be effective because (i) the new generation is more independent and less submissive and not amenable to rigid control; (ii) people look for ego satisfactions from their jobs and (iii) revolution of rising expectations changed the attitude of the people.

Autocratic leadership may be divided into three classes:

(A) The hard-boiled autocrat who relies mainly on negative influences uses the force of fear and punishment in directing his subordinates towards the organizational goals. This is likely to result in employees becoming resentful.

 (B) The benevolent autocrat who relies mainly on positive influences uses the reward and incentives in directing his subordinates towards the organisational goals. By using praise and pats on the back he secures the loyalty of subordinates who accept his decisions.

(C) The manipulative autocrat who makes the employees feels that they are participating in decision-making though the manager himself has taken the decision. McGregor labels this style as Theory X.

2. Democratic or Participative leadership

Participative or democratic leaders decentralise authority. It is characterised by consultation with the subordinates and their participation in the formulation of plans and policies. He encourages participation in decision-making.

He leads the subordinates mainly through persuasion and example rather than fear and force. Sometimes the leader serves as a moderator of the ideas and suggestions from his group. McGregor labels this style as Theory Y.

Taylor's scientific management was based on the inability of the ordinary employees to make effective decisions about their work. Hence the decision-making power was vested with the management. But recent studies indicate the need for participation by subordinates. The modern trend favours sharing the responsibility with the employees.

This will foster enthusiasm in them. The employees feel that management is interested in them as well as in their ideas and suggestions. They will, therefore, place their suggestions for improvement.

Advantages for democratic leadership are as follows: (i) higher motivation and improved morale; (ii) increased co-operation with the management; (iii) improved job performance; (iv) reduction of grievances and (v) reduction of absenteeism and employee turnover.

3. The Laissez-faire or Free-rein leadership

Free-rein leaders avoid power and responsibility. The laissez-faire or non-interfering type of leader passes on the responsibility for decision-making to his subordinates and takes a minimum of initiative in administration. He gives no direction and allows the group to establish its own

goals and work out its own problems.

The leader plays only a minor role. His idea is that each member of the group when left to himself will put forth his best effort and the maximum results can be achieved in this way. The leader acts as an umpire. But as no direction or control is exercised over the people, the organisation is likely to flounder.

An experiment conducted among Boy Scout Clubs of the USA in 1940 shows autocratic leadership is likely to rouse antagonism in the group and produce hostility towards the leader. In democratic groups, the absence of the leader made little difference, while in autocratic groups productive work dropped to a minimum, when the leader was out of the room.

Democratic leadership is more likely to win the loyalty of the group. The laissez-faire groups also developed friendly approaches to the leader as in the democratic group. But suggestions from the groups were very low and they were also less productive.

4. Paternalistic leadership

Under this management style the leader assumes that his function is fatherly or paternal. Paternalism means papa knows best. The relationship between the leader and his group is the same as the relationship between the head of the family and the members of the family. The leader guides and protects his subordinates as members of his family.

As the head of the family he provides his subordinates with good working conditions and fringe benefits. It is assumed that workers will work harder out of gratitude. This leadership style was admirably successful in Japan with her peculiar social background.

This leadership style has still been widely prevalent in small firms in India. However, this paternalistic approach is unlikely to work with mature adult employees, many of whom do not like their interests to be looked after by a "godfather." Instead of gratitude, it might generate antagonism and resentment in the subordinates.

3	**What are the various barriers to communication? How will you overcome them?**
	(April 2017, Nov 2017)
	Barrier of communication:
	1. Lack of planning.
	2. Semantic distortion (Dual meaning)
	3. Selective perception (Filtering)

4.   Fear and emotions.

5.   Distrust and threat.

6.   Timing of communication.

7.   Overloading of communication – no of ways are: omit certain information; Make errors in processing the information; Make delay in processing the information; Quantity is more and cannot concentrate on quality; Distort the information.

8.   Loss of Transmission & poor retention.-

9.   Status symbols.

10.   Poor listening and primitive evaluation.

11.   Poorly expressed messages.

12.   Un-clarified Assumptions.

13.   Faulty organization.

14.   Barriers with international environment.

Overcoming Barriers to Effective communication

Regulate the flow of information.

1.   Encouragement feedback.

2.   Listen actively.

3.   Simplify the language.

4.   Constraint negative emotions.

5.   Use nonverbal cues.

6.   Use the grape vine as a positive tool.

Guidelines for effective communication

1.   Clarify your ideas before communication.

2.   Examine the true purpose of communication.

3.   Consider the physical and human setting in which communication will take place. (Privacy, much disturbance)

4.   Consult with others, when appropriate, in planning communication.

5.   Be mindful of the nonverbal messages you send.

6.   Take the opportunity to convey something to the receiver.

7.   Follow up the communication.

8.   Communicate for tomorrow as well as today.

9.   Be sure actions support communication.

10.   Seek not only to be understood but to understand.

4	**Explain trait approaches to leadership.**
	Trait Theory of leadership: -
	Traits are personal characteristics of a leader such as intelligence, values and appearance. This seeks to identify personal characteristics of a leader responsible for effective leadership. The researchers are often holding the view that many traits are inborn which are inherited and some traits are also the result of skills and knowledge. Earlier, the research was focused on successful and great leaders and hence this theory is otherwise known as "Great man theory". This traits theory also suggested the presence or absence of certain personal traits distinguish leaders from non-leaders.
	Some of the specific traits identified by researchers are:
	▪ Physical traits - activity, energy, appearance and height
	▪ Intelligence and ability traits - judgment, knowledge, intelligence and ability
	▪ Personality traits - self-confidence, self-control, enthusiasm, self- monitoring, creativity innovative, genuineness and originality
	▪ Work-related characteristics - achievement drive, task orientation, drive for responsibilities and initiative
	▪ Social characteristics - supervisory ability, cooperativeness, tactics, diplomacy, popularity, prestige
	Weaknesses of traits theory :
	• This theory did not classify the most important traits and least important traits.
	• This theory does not mention the particular traits or characteristics that distinguish leaders from non-leaders.
	• There is no direct relationship between personal traits and success of a leader.
	• The same traits cannot be applied to every situation
	• This trait theory do no distinguish between traits which are required to acquire leadership and traits which are needed to maintain leadership.
	• Trait theory do not analyze the behavioral patterns
5	**List out the various communication networks in an organization**
	Wheel or Star networks represent an administrator and five Subordinates with whom he interacts. n **Y-Type** network, two subordinates report to the superiors. In the Chain network, communication takes place only upward/downward and across organizational lines. In **Circle** network communication, it takes place between superiors and subordinates with cross communication at the operative level.
	Informal (or Grapevine) communication: - *Informal* communication takes place without following the formal lines of communication and is otherwise known as *Grapevine* because it

spreads throughout the organization with its branches going out in all directions disregard of the level of authority. This can be used as a positive tool to send information rapidly to test the reactions of the employees before announcing a final decision and obtain valuable feedback. This communication, normally not created by the management and usually not in the control of the management. This cannot be easily destroyed and the speed of this communication through grapevine is faster than any formal channels. This also carries rumours, gossips and can affect employee morale and organizational effectiveness. Normally, manager can never eliminate the grapevine and hence should learn to use it positively.

The informal communications networks are classified in to four types: - Single Chain
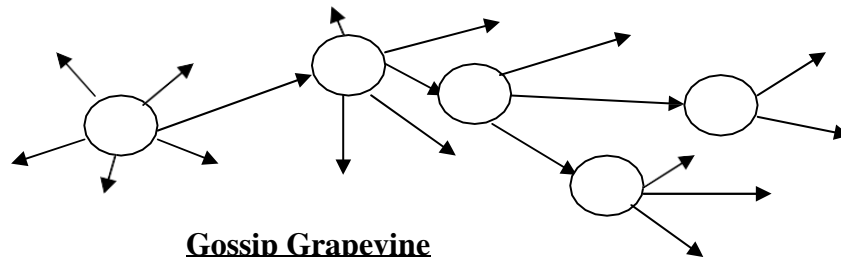
Gossip Grapevine

Grapevine: - one person transmits to another and so on

Group Gossip Grapevine: - here, one person transmits to many people who are interested in getting such information, but information may not be job related.

Probability Grapevine: - the information is passed on at random and those people in turn tell others at random.

Cluster Grapevine: - each individual passes information to several others.

A grapevine is always in the oral form and people, actively involved in grapevine communication are known as 'liaison individuals'. This type of communication is not a reliable source of information and can carry rumours (a rumour is the negative by-product of grapevine) and can also carry distorted information or false propaganda,

Based on expressions (Written, oral, and non-verbal communication)

Communication over long distance usually takes place through verbal (words)   may be either written or oral.

Written Communication:- examples are internal memos, letters, formal reports, minutes of meetings, statement of accounts, invoices, bulletins and notices placed on notice boards. Even now, written communication has not been replaced by the recent development n the communication techniques.

Advantages:

- ▪ Provides a permanent record.
- ▪ Less susceptible to misinterpretation.
- ▪ Visible

- Less easy to deny
- Official and more effective.
- Can be carefully prepared and then directed to large audience through mailing
- More uniform and highly accurate.
- Can reduce cost sometimes.

Disadvantages:

- Take larger time to prepare.
- Sometimes party expressed by some ineffective letters.
- Provide no immediate feedback.

Oral Communication:- face-to-face forms and involves conversations. This can also be made through telephones, intercoms, dictating machines, etc. in industries, the orders, instructions, lectures, counseling are given through oral communication and it can be formal or informal, planned or accidental. In most of the organization, the greater percentage of information is communicated orally.

Advantages:

- Enables to see immediate response.
- Provides immediate feedback
- People can ask questions and clarify Points.
- Meeting with superiors , Given feelings of importance to subordinates.
- Develops a friendly environment , cooperation and team spirit
- More suitable under emergency conditions.

Disadvantages:

- Creates legal difficulties as there is no Evidence.
- May be time consuming.
- Not accurate and rest free from defects.
- Less effective and also subjects to misinterpretations.

Nonverbal communication: - Neither in oral format nor in a written format. It does not involve words. Smile, Gesture, Body language, facial expression, physical appearance and a Fist are the examples.

6	**What are the computer – based communications in the modern business era?**
	(May 2016)
	For many companies, email is the principal means of communication between employees, suppliers and customers. Email was one of the early drivers of the Internet, providing a simple and inexpensive means to communicate. Over the years, a number of other

communications tools have also evolved, allowing staff to communicate using live chat systems, online meeting tools and video-conferencing systems. Voice over internet protocol (VOIP) telephones and smart-phones offer even more high-tech ways for employees to communicate.

Inventory Management Systems

When it comes to managing inventory, organizations need to maintain enough stock to meet demand without investing in more than they require. Inventory management systems track the quantity of each item a company maintains, triggering an order of additional stock when the quantities fall below a pre-determined amount. These systems are best used when the inventory management system is connected to the point-of-sale (POS) system. The POS system ensures that each time an item is sold, one of that item is removed from the inventory count, creating a closed information loop between all departments.

Data Management Systems

The days of large file rooms, rows of filing cabinets and the mailing of documents is fading fast. Today, most companies store digital versions of documents on servers and storage devices. These documents become instantly available to everyone in the company, regardless of their geographical location. Companies are able to store and maintain a tremendous amount of historical data economically, and employees benefit from immediate access to the documents they need.

Management Information Systems

Storing data is only a benefit if that data can be used effectively. Progressive companies use that data as part of their strategic planning process as well as the tactical execution of that strategy. Management Information Systems (MIS) enable companies to track sales data, expenses and productivity levels. The information can be used to track profitability over time, maximize return on investment and identify areas of improvement. Managers can track sales on a daily basis, allowing them to immediately react to lower-than-expected numbers by boosting employee productivity or reducing the cost of an item.

Customer Relationship Management

Companies are using IT to improve the way they design and manage customer relationships. Customer Relationship Management (CRM) systems capture every interaction a company has with a customer, so that a more enriching experience is possible. If a customer calls a call center with an issue, the customer support representative will be able to see what the customer has purchased, view shipping information, call up the training manual for that item and effectively respond to the issue. The entire interaction is stored in the CRM system, ready to be recalled if the customer calls again. The customer has a better, more focused experience and the company benefits from improved productivity.

| 7 | **Difference between motivation and satisfaction.   (Nov 2016)** |

Motivation vs Satisfaction

 Motivation and satisfaction are concepts that are much talked about in an organizational set up. These are important tools in the hands of management to achieve the goals of an organization in a better manner. Management of men is at the core of all management processes. Keeping up the motivational levels of employees high so that they have a good job satisfaction is an important part of any management strategy. Employee motivation and job satisfaction are intricately linked though there are differences that need to be highlighted.

Motivation:

Motivation refers to any stimulus that controls and guides human behavior. In an organizational setup, motivation could be anything from incentives, perks, promotion and even encouragement from the boss on completion of a given task. There was a time when money was considered to be the most important motivational factor, but today, after a series of experiments beginning with Hawthorne studies, it is well known that motivation plays a crucial role in the behavior and performance level of the employees and money is just one of the myriad motivational factors. Salary, increments, promotions, etc are extrinsic motivation factors and drive behaviors and even productivity level of employees.

There are also motivational factors that come from within and drive the behavior of employees. These are called intrinsic motivational factors and include job satisfaction and enjoyment. Different people have different motives for doing a job. However, for most it is money, as without a salary they cannot survive and raise their families.

Satisfaction:

Satisfaction refers to a feeling that people have when they have completed a job that is considered difficult. In fact, having done the job well is what brings satisfaction to most people. The pleasure or joy of doing a job is what is called as job satisfaction. There are very few who get job satisfaction despite getting a high salary and other perks and incentives.

To understand the concept of job satisfaction, one has to think of times when he gets happiness playing with a toddler or puppy at home or after having grown beautiful roses in his garden. These are only examples and people get satisfaction with most of their hobbies whether it is

gardening or cooking. Satisfaction is a feeling that comes from within though sometimes one has satisfaction when his performance is praised at workplace.

Different people have different reasons for satisfaction but some sort of contentment is essential to be doing a job for a long time.

What is the difference between Motivation and Satisfaction?

• Motivation is what is believed to be behind the behavior or employees. It also regulates the performance levels.

• Satisfaction is joy or pleasure of working and it is the sense of accomplishment after having done a job in a flawless manner.

• Motivation can be extrinsic as well as intrinsic. While salary, promotion, incentives, perks and rewards are examples of extrinsic motivation, job satisfaction is a type of intrinsic motivation

• People continue with their jobs even when they have no job satisfaction as long as there is motivation in the form of good salary and perks

| 8 | **Explain the characteristics of good communication and also state its barriers.**

                                                         (April 2019)

Good Communication:
Process of transmitting ideas importance of communication:
Basis of planning.
Basis of decision making.
To perform managerial function effectively.
To facilitate coordination among workers.
To facilitate understanding between superiors and subordinates. Four types are there
Download communication: - flows from higher level to lower level as per hierarchy; organization chart shows the flow of authority and channel; media used for oral include instruction, speeches, meetings and telephone conversations; media used for written include memorandum, letters, pamphlets, handbooks, policy statements, procedures and electronic news displays; sometimes the communication get distorted; it is time-consuming process. |

Upward communication – flows from lower levels to higher levels in the hierarchy. Upper management is interested in knowing production performance data, marketing information, financial data of the firm, and opinion and suggestions, grievances and complaints from lower level employees. Sometimes, this flow is hindered by managers who filter the messages and do not transmit all the information especially unfavourable news to their bosses. Upward communication is possible in participative management and democratic organizational environment. This communication can be introduced through suggestion systems, joint settings of objectives, group meetings, informal communication (grape vine) and the ombuds person. Thus upward communication channels allow employee's participation in decision making and provide feed backs to the management.

Horizontal communication – flow of communication between managers in the same level of the organization for coordinating their activities without referring to their superiors. Hence actions can be quickly taken and superiors also relieved from overburden.

Diagonal communication- also known as crosswise (or lateral) communication. The flow of information among persons at different organizational levels who have no direct reporting relationships with one another is said to be the diagonal communication. This does not follow organizational hierarchy. The main advantage is increased speed of communication flow, improved understanding between sender and receiver and greater coordination to achieve organizational objectives. This may be in the form of oral or written and occurs when individual members of different departments are grouped into task team or project organization. The information flow will be highly technical or task oriented and this results in better communication. This should be encouraged whenever it is appropriate and subordinates must inform their inter departmental activities to their superiors.

Barrier of communication:

- Lack of planning.
- Semantic distortion (Dual meaning)
- Selective perception (Filtering)
- Fear and emotions.
- Distrust and threat.
- Timing of communication.

UNIT IV - PART C

11	**Summarize the method of motivating employees in an organization.**
	(April 2019)
	1. Create a friendly work environment.
	2. Acknowledge employees' achievement.

3. Rewarding employees.

4. Positive communication is the key.

5. Encourage friendly competition.

6. Have a meaningful and worthwhile goal.

7. Create a career path.

8. Be a leader worth following**.**

9. Encourage creativity

10. Encourage team work

11. Welcome all ideas

12. Don't let employees become bored

Create a friendly work environment

Your employees spend a large amount of time of their lives working in the office. So try to make the office look as friendly and appealing as possible.

When you create a pleasant atmosphere where it is welcoming and comfortable, your employees will be more than eager to go to work every day.

Acknowledge employees' achievement

Everyone wants to be recognised for something they have done; regardless if it was for a work or personal achievement. The acknowledgement of a job well done coming from upper management will mean more to an employee than you think. Always remember to give credit when credit is due.

Rewarding employees

There will be times when it takes more than just a pat on the back. Try giving simple incentives when rewarding engaged employees.

It does not have to be monetary rewards all the time; simple things like a week of having a personal parking spot at the office would be sufficient. Rewarding employees could also be a part of the company benefits.

Positive communication is the key

Everyone communicates at work and it is probably the easiest thing you can do with your employee. Yet it can also be the most difficult. Spend a short period of time each day to have a

word with your employees; discussing things from concerns to ideas.

This will not only make your employees happy, it will also provide you with much-needed insight on your business from your employees.

Encourage friendly competition

A little competition among the employees would not hurt. A competitive environment is a productive environment. Encourage employees to participate in competitions or challenges as it is healthy and may actually lead to increased camaraderie.

Friendly competition amongst teams helps with employee engagement and employee participation.

Have a meaningful and worthwhile goal

Managers should ensure that the company has a vision and plan at a corporate and individual level. Employees who have a path set before them that may lead to promotion can work towards a goal. Achievable goals are very helpful as it gives employees the drive to work harder without being asked.

Create a career path

When employees have an idea of what is provided or what the incentives are, they become further motivated. This will lead to increased commitment towards their employer. The members of your team will be more valuable to your organisation, and to themselves, when they have opportunities to learn new skills.

Provide your employees with the training they require to advance in their careers and to become knowledgeable about the latest technologies and industry news.

Be a leader worth following

As a leader, employees are going to look to you to set an example for the rest of the group. Leaders tend to be setting a tone and values for the company. By doing so, it could have a meaningful effect on the mentality of the employees. If leaders set an example of positive thinking, employees will follow and the entire work culture will become more motivating.

Encourage creativity

Creativity does not have to be based on the work that the employees are doing. It could be simple task like giving ideas on the next company retreat or team building exercises.

Encourage team work

Try to remove any bureaucracy and hierarchy within the company and create an 'openness' to new ideas at any level and working together as a team keeps employees motivated.

Welcome all ideas

Everyone is unique and unpredictable and each with individual desires and some with complicated ideas. Remember not to shunt away ideas or suggestions no matter how silly or meaningless they may sound.

No single strategy can ever hope to please all of your workers all at once. A tiny silly idea could be brainstormed into something brilliant sooner or later.

Don't let employees become bored

Some employees have a short attention span. Host a cupcake bake-off, plan a happy hour every Friday, have company lunches together in the office on alternate Wednesdays or allow a different person to run the weekly meetings to break up the dreariness.

UNIT V - CONTROLLING

System and process of controlling-Budgetary and non-budgetary control techniques-Use of computers and IT in Management control-Productivity problems and management-Control and performance-Direct and preventive control-Reporting

UNIT V - PART A

1	**Interpret the meaning of Controlling. (May 2010, May 2019)**
	Control is the measurement and correction of performance in order to make sure the enterprise objectives and the plans devised to attain them are accomplished. In a manufacturing company we have different control like budgetary control, purchase control, quality control, vendor quality control and customer quality control etc.
	The important features of Controlling are
	• Function of Management
	• Continuous function

	• Future -oriented and
	• Action-oriented.
2	**What is concurrent control? (May 2011)**
	Concurrent control implies parallel monitoring and control over the process. This ensures speedy and precise monitoring that eliminates rejections happening between stages and delay in detecting failures in a system or a process. Concurrent control framework ensures overall health monitoring of the system that takes care the undue occurrences that hamper the growth and development of the system.

3	**State the difference between feedback and feed forward control technique.**

Feedback	Feed forward	
It measures only the output of the	It measures the input of the	
It is submissive approach	It is aggressive approach	
Less benefit	More benefit	

4	**Define Budget. (Dec 2011)**
	A Budget is the financial plan for the current fiscal year duly considering all aspects of business that will foster growth and development of the firm. It estimates the spending plan and investment / capital required for the current financial year and projection for the next to aid planning for capital investment by the management.
5	**Define budgetary control. (May 2010, Dec 2019)**
	A system which uses budgets as a means for planning and controlling all aspects of producing and selling commodities and services. The CAPEX –capital expenditure is the term used in the industrial circle.
6	**Write the objectives of budgetary control.**
	It aims at maximization of profits; to plan and control the income and expenditure of the organization. To provide adequate working capital.
7	**What are the difference between PERT and CPM?**

S. No.	CPM	PERT	
1.	It is activity oriented	PERT is event oriented	
2.	CPM is planning device	It is control device	
3.	It estimates only one	It estimates three times	
4.	It is a deterministic	It is probabilistic model	

8	**What are classifications of budget? (May 2014)**
	Functional classification- Sales, production, cash, capital and master budget; Time classification- Short, current and long term budget; Activity level- Fixed and flexible budget.

9	**Define productivity. (May 2014, Dec 2017)**
	Productivity is a measure of how much input is required to produce a given output. The output derived from the inputs processed through series of operations. Productivity is an average measure of the efficiency of production. It can be expressed as the ratio of output to inputs used in the production process, i.e. output per unit of input.
10	**Define Operations Research - OR.**
	OR-Operations Research coupled with Optimization techniques is a systematic analysis of a problem through scientific methods, carried out by appropriate specialists, working together as a team, finding an optimum and the most appropriate solution to meet the given objective under a given set of constraints. OR can be employed in hospitality, manufacturing and service sectors.
11	**Define Linear Programming.**
	It is a mathematical technique in operation research and a plan of action solve a given problem involving linearly related variables in order to achieve the laid down objectives in the form of minimizing or maximizing the objective function under given set of constraints.
12	**What is Inventory Control?**
	Inventory control refers to the control of raw materials and purchased material in store and regulation of investment in them. Inventory Control is the supervision of supply, storage and accessibility of items in order to ensure an adequate supply without excessive oversupply. It can also be referred as internal control - an accounting procedure or system designed to promote efficiency or assure the implementation of a policy or safeguard assets or avoid fraud and error etc.
13	**What is JIT? (May 2007)**
	Just in time inventory system, in this method the supplier delivers the materials to the production shop just in time required to be assembled. This method reduces the cost of inventory. JIT is also referred to as KANBAN/CARD system that maintains 3 cards, one with end user, one with stores and one with supplier/vendor.
14	**What are objectives of value engineering?**
	VAVE-Value added value engineering is a special type of cost reduction technique. The steps involved are listed -Modify and improve product design; reduce the product cost; Increase the profit and simplify the product functionality.

15	**What is MNC? (May 2008)** A multinational corporation (MNC) is one that has business operations in two or more countries. It is an enterprise which owns or controls production or service facilities outside the country in which they are based.
16	**Write some advantages of MNC's. (Dec 2009)** It can promote quality product at low price; MNC leads to increase in production, aggregate employment, balance in exports and imports of the required inputs(motivate SME's and domestic manufacturers) and it increases the government revenues and contribute to the state economy like GDP.
17	**What is work simplification?** It is the process of obtaining the participation of workers in simplifying their work through time study, motion study, work flow analysis and layout of work situation.
18	**Define quality circles.** Quality circles are groups of people, from the same organizational area, who meet regularly to solve problems they experience at work. Members are trained in solving problems, in applying statistical quality control and working in groups.
19	**Define Purchase control.** Purchase by definition of function is the procurement of materials (domestic and import) to cater the needs of counter departments in an organization adhering to the MRP – materials requirement plan from MPS-Master production schedule. Purchase department sit with Marketing and Vendor quality in negotiating on price and quality with the vendors/suppliers.
20	**Define Expense control.** Expense statement is the spending on materials, labor, maintenance, electric power, water and miscellaneous like CSR initiatives, Labor welfare and medical insurance.
21	**What is preventive control in management? (May 2017)** Preventive controls are designed to keep errors or irregularities from occurring in the first place. They are built into internal control systems and require a major effort in the initial design and implementation stages.
22	**What are the uses of computers in management control? (Nov 2016)** The use of computers for management controls poses an entirely new set of requirements on the system designers. The computer, through the use of simulation models, provides the capability of pretesting system designs and the basis for eventual real-time control.

23	**Why controlling is important? (May 2017)**
	Control eliminates the risk of non-conformity of actual performance with the main goals of the organization.
24	**Discuss the productivity problems in a management. (Dec 2016)**
	Productivity implies measurement, which in turn is an essential step in the control process. The various factors include less-skilled workers with respect to the total labor force, immediate results, growing affluence of the people which makes them less ambitious, breakdown in family structure, workers' attitude, government policies and regulations.
25	**What are the characteristics of control function? (May 2018)**
	1. Accuracy,2. Timeliness, 3. Flexibility, 4. Acceptability, 5. Integration, 6. Economic feasibility, 7. Strategic placement, 8. Corrective action, 9. Emphasis on exception.
26	**List out the maintenance control activities. (Dec 2017)**
	• The Course of Action • Maintenance Planning • Maintenance Scheduling • Managing Maintenance Actions Execution • Maintenance Assessment • Ensuring Continuous Improvement • Considering Equipment Re-design
27	**Name at least four budgetary control techniques. (May 2019)**
	• Variance Analysis. First of all, budgets of different departments are made with estimated figures • Responsibility Accounting. Responsibility accounting is also a good budgetary control technique • Adjustment of Funds • Zero Base Budgeting (ZBB)
28	**What is the purpose of PERT.(Dec 2019)**
	PERT stands for Program Evaluation Review **Technique**. PERT charts are tools used to plan tasks within a project - making it easier to schedule and coordinate team members accomplishing the work. PERT charts were created in the 1950s to help manage the creation of weapons and defense projects for the US Navy. A **PERT** chart allows managers to evaluate the time and resources necessary to manage a project. **PERT** analysis incorporates data and information from multiple departments.

29	**Summarize the factor affecting productivity**

1. Motivation factors.

2. Time management factors.

3. Project factors.

4. Human factors.

5. Supervision factors.

6. Safety and health factors.

7. Materials and equipment management.

UNIT V – PART B

1	**Discuss the various budgetary and non - budgetary control techniques?**

(May 2013, May 2014, Nov 2016, Nov 2017)

Outline any four non-budgetary control techniques with examples (Dec 2021)

A. BUDGETARY CONTROL TECHNIQUES

    i) Revenue and Expense Budgets

    ii) Time, Space, Material, and Product Budgets

    iii) Capital Expenditure Budgets

    iv) Cash Budgets

    v) Variable Budget

    vi) Zero Based Budget

B. NON-BUDGETARY CONTROL TECHNIQUES

    i) Statistical data

    ii) Break- even point analysis

    iii) Operational audit

    iv) Personal observation

    v) PERT

    vi) GANTT Chart

A. BUDGETARY CONTROL TECHNIQUES

i) Revenue and Expense Budgets

The most common budgets spell out plans for revenues and operating expenses in rupee terms. The most basic of revenue budget is the sales budget which is a formal and detailed expression of the sales forecast. The revenue from sales of products or services furnishes the principal income to pay operating expenses and yield profits. Expense budgets may deal with individual items of expense, such as travel, data processing, entertainment, advertising, telephone, and insurance.

ii) Time, Space, Material, and Product Budgets

Many budgets are better expressed in quantities rather than in monetary terms. e.g. direct-labor-hours, machine-hours, units of materials, square feet allocated, and units produced. The Rupee cost would not accurately measure the resources used or the results intended.

iii) Capital Expenditure Budgets

Capital expenditure budgets outline specifically capital expenditures for plant, machinery, equipment, inventories, and other items. These budgets require care because they give definite form to plans for spending the funds of an enterprise. Since a business takes a long time to recover its investment in plant and equipment, (Payback period or gestation period) capital expenditure budgets should usually be tied in with fairly long-range planning.

iv) Cash Budgets

The cash budget is simply a forecast of cash receipts and disbursements against which actual cash "experience" is measured. The availability of cash to meet obligations as they fall due is the first requirement of existence, and handsome business profits do little good when tied up in inventory, machinery, or other noncash assets.

v) Variable Budget

The variable budget is based on an analysis of expense items to determine how individual costs should vary with volume of output.

Some costs do not vary with volume, particularly in so short a period as 1 month, 6 months, or a year. Among these are depreciation, property taxes and insurance, maintenance of plant and equipment, and costs of keeping a minimum staff of supervisory and other key personnel. Costs that vary with volume of output range from those that are completely variable to those that are only slightly variable.

The task of variable budgeting involves selecting some unit of measure that reflects volume; inspecting the various categories of costs (usually by reference to the chart of accounts); and, by statistical studies, methods of engineering analyses, and other means, determining how these costs should vary with volume of output.

vi) Zero Based Budget

The idea behind this technique is to divide enterprise programs into "packages" composed of goals, activities, and needed resources and then to calculate costs for each package from the ground up. By starting the budget of each package from base zero, budgeters calculate costs afresh for each budget period; thus they avoid the common tendency in budgeting of looking only at changes from a previous period.

NON-BUDGETARY CONTROL TECHNIQUES

There are, of course, many traditional control devices not connected with budgets, although some may be related to, and used with, budgetary controls. Among the most important of these are: statistical data, special reports and analysis, analysis of break- even points, the operational audit, and the personal observation.

i) Statistical data

Statistical analyses of innumerable aspects of a business operation and the clear presentation of statistical data, whether of a historical or forecast nature are, of course, important to control. Some managers can readily interpret tabular statistical data, but most managers prefer presentation of the data on charts.

ii) Break- even point analysis

An interesting control device is the break even chart. This chart depicts the relationship of sales and expenses in such a way as to show at what volume revenues exactly cover expenses.

iii) Operational audit

Another effective tool of managerial control is the internal audit or, as it is now coming to be called, the operational audit. Operational auditing, in its broadest sense, is the regular and independent appraisal, by a staff of internal auditors, of the accounting, financial, and other operations of a business.

iv) Personal observation

In any preoccupation with the devices of managerial control, one should never overlook the importance of control through personal observation.

v) PERT

The Program (or Project) Evaluation and Review Technique, commonly abbreviated PERT, is a is a method to analyze the involved tasks in completing a given project, especially the time needed to complete each task, and identifying the minimum time needed to complete the total project.

### vi) GANTT Chart

A Gantt chart is a type of bar chart that illustrates a project schedule. Gantt charts illustrate the start and finish dates of the terminal elements and summary elements of a project. Terminal elements and summary elements comprise the work breakdown structure of the project. Some Gantt charts also show the dependency (i.e., precedence network) relationships between activities.

2	**What are the steps involved in control process?**

(April 2017, April 2018)

CONTROL PROCESS

The basic control process involves mainly these steps as shown in Figure
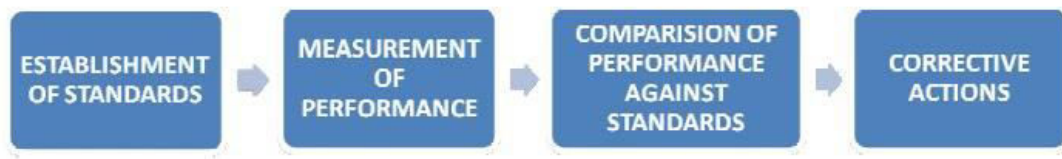
a) The Establishment of Standards

Because plans are the yardsticks against which controls must be revised, it follows logically that the first step in the control process would be to accomplish plans. Plans can be considered as the criterion or the standards against which we compare the actual performance in order to figure out the deviations.

Examples for the standards

- o **Profitability standards:** In general, these standards indicate how much the company would like to make as profit over a given time period- that is, its return on investment.

- o **Market position standards:** These standards indicate the share of total sales in a particular market that the company would like to have relative to its competitors.
- o **Productivity standards:** How much that various segments of the organization should produce is the focus of these standards.
- o **Product leadership standards:** These indicate what must be done to attain such a position.
- o **Employee attitude standards:** These standards indicate what types of attitudes the company managers should strive to indicate in the company's employees.
- o **Social responsibility standards:** Such as making contribution to the society.
- o Standards reflecting the relative balance between short and long range goals.

b) Measurement of Performance

The measurement of performance against standards should be on a forward looking basis so that deviations may be detected in advance by appropriate actions. The degree of difficulty in measuring various types of organizational performance, of course, is determined primarily by

the activity being measured. For example, it is far more difficult to measure the performance of highway maintenance worker than to measure the performance of a student enrolled in a college level management course.

c) Comparing Measured Performance to Stated Standards

When managers have taken a measure of organizational performance, their next step in controlling is to compare this measure against some standard. A standard is the level of activity established to serve as a model for evaluating organizational performance. The performance evaluated can be for the organization as a whole or for some individuals working within the organization. In essence, standards are the yardsticks that determine whether organizational performance is adequate or inadequate.

d) Taking Corrective Actions

After actual performance has been measured compared with established performance standards, the next step in the controlling process is to take corrective action, if necessary. Corrective action is managerial activity aimed at bringing organizational performance up to the level of performance standards. In other words, corrective action focuses on correcting organizational mistakes that hinder organizational performance. Before taking any corrective action, however, managers should make sure that the standards they are using were properly established and that their measurements of organizational performance are valid and reliable.

At first glance, it seems a fairly simple proposition that managers should take corrective action to eliminate problems - the factors within an organization that are barriers to organizational goal attainment. In practice, however, it is often difficult to pinpoint the problem causing some undesirable organizational effect.

3	**Explain the following: (i) Purchase control (ii) Maintenance Control and (iii) Quality Control. (Nov 2012, May 2014, Nov 2017)**

PURCHASE CONTROL

Purchase control is an element of material control. Material procurement is known as the purchase function. The functional responsibility of purchasing is that of the purchase manager or the purchaser. Purchasing is an important function of materials management because in purchase of materials, a substantial portion of the company's finance is committed which affects cash flow position of the company. Success of a business is to a large extent influenced by the efficiency of its purchase organization.

The advantages derived from a good and adequate system of the purchase control are as follows:

Continuous availability of materials:

It ensures the continuous flow of materials. so production work may not be held up for want of materials. A manufacturer can complete schedule of production in time.

Purchasing of right quantity:

Purchase of right quantity of materials avoids locking up of working capital. It minimizes risk of surplus and obsolete stores. It means there should not be possibility of overstocking and under stocking.

Purchasing of right quality:

Purchase of materials of proper quality and specification avoids waste of materials and loss in production. Effective purchase control prevents wastes and losses of materials right from the purchase till their consumptions. It enables the management to reduce cost of production.

Economy in purchasing:

The purchasing of materials is a highly specialized function. By purchasing materials at reasonable prices, the efficient purchaser is able to make a valuable contribution to the success of a business.

Works as information centre: It serves as a function centre on the materials knowledge relating to prices, sources of supply, specifications, mode of delivery, etc. By providing continuous information to the management it is possible to prepare planning for production.

Development of business relationship:

Purchasing of materials from the best market and from reliable suppliers develops business relationships. The result is that there may be smooth supply of materials in time and so it avoids disputes and financial losses.

Finding of alternative source of supply:

If a particular supplier fails to supply the materials in time, it is possible to develop alternate sources of supply. The effect of this is that the production work is not disturbed.

Fixing responsibilities:

Effective purchase control fixes the responsibilities of operating units and individuals connected with the purchase, storage and handling of materials.

In short, the basic objective of the effective purchase control is to ensure continuity of supply of requisite quantity of material, to avoid held up of production and loss in production and at the same time reduces the ultimate cost of the finished products.

MAINTENANCE CONTROL

Maintenance department has to exercise effective cost control, to carry out the maintenance functions in a pre-specified budget, which is possible only through the following measures:

First line supervisors must be apprised of the cost information of the various materials so that the objective of the management can be met without extra expenditure on maintenance functions

A monthly review of the budget provisions and expenditures actually incurred in respect of each center/shop will provide guidelines to the departmental head to exercise better cost control.

The total expenditure to be incurred can be uniformly spread over the year for better budgetary control. However, the same may not be true in all cases particularly where overhauling of equipment has to be carried out due to unforeseen breakdowns. Some budgetary provisions must be set aside, to meet out unforeseen exigencies.

The controllable elements of cost such as manpower cost and material cost can be discussed with the concerned personnel, which may help in reducing the total cost of maintenance. Emphasis should be given to reduce the overhead expenditures, as other expenditures cannot be compromised.

It is observed through studies that the manpower cost is normally fixed, but the same way increase due to overtime cost. However, the material cost, which is the prime factor in maintenance cost, can be reduced by timely inspections designed, to detect failures. If the inspection is carried out as per schedule, the total failure of parts may be avoided, which otherwise would increase the maintenance cost. The proper handling of the equipment by the operators also reduces the frequency of repair and material requirements. Operators, who check their equipment regularly and use it within the operating limits, can help avoid many unwanted repairs. In the same way a good record of equipment failures/ maintenance would indicate the nature of failures, which can then be corrected even permanently.

QUALITY CONTROL

Quality control refers to the technical process that gathers, examines, analyze & report the progress of the project & conformance with the performance requirements.

The steps involved in quality control process are

- Determine what parameter is to be controlled.
- Establish its criticality and whether you need to control before, during or after results are produced.
- Establish a specification for the parameter to be controlled which provides limits of acceptability and units of measure.
- Produce plans for control which specify the means by which the characteristics will be achieved and variation detected and removed.
- Organize resources to implement the plans for quality control.
- Install a sensor at an appropriate point in the process to sense variance from specification.
- Collect and transmit data to a place for analysis.
- Verify the results and diagnose the cause of variance.
- Propose remedies and decide on the action needed to restore the status quo.
- Take the agreed action and check that the variance has been corrected.

Advantages and disadvantages

Advantages include better products and services ultimately establishing a good reputation for a company and higher revenue from having more satisfied customers.

Disadvantages include needing more man power/operations to maintain quality control and adding more time to the initial process.

4	**What is productivity? Explain the methods of improving productivity in IT industry. (May 2016)**

Productivity:

Productivity refers to the ratio between the output from production processes to its input. Productivity may be conceived of as a measure of the technical or engineering efficiency of production. As such quantitative measures of input, and sometimes output, are emphasized.

Typical Productivity Calculations

Measures of size and resources may be combined in many different ways. The three common approaches to defining productivity based on the model are referred to as physical, functional,

and economic productivity. Regardless of the approach selected, adjustments may be needed for the factors of diseconomy of scale, reuse, requirements churn, and quality at delivery.

a) Physical Productivity

This is a ratio of the amount of product to the resources consumed (usually effort). Product may be measured in lines of code, classes, screens, or any other unit of product. Typically, effort is measured in terms of staff hours, days, or months. The physical size also may be used to estimate software performance factors (e.g., memory utilization as a function of lines of code).

b) Functional Productivity

This is a ratio of the amount of the functionality delivered to the resources consumed (usually effort). Functionality may be measured in terms of use cases, requirements, features, or function points (as appropriate to the nature of the software and the development method). Typically, effort is measured in terms of staff hours, days, or months. Traditional measures of Function Points work best with information processing systems. The effort involved in embedded and scientific software is likely to be underestimated with these measures, although several variations of Function Points have been developed that attempt to deal with this issue.

c) Economic Productivity

This is a ratio of the value of the product produced to the cost of the resources used to produce it. Economic productivity helps to evaluate the economic efficiency of an organization. Economic productivity usually is not used to predict project cost because the outcome can be affected by many factors outside the control of the project, such as sales volume, inflation, interest rates, and substitutions in resources or materials, as well as all the other factors that affect physical and functional measures of productivity. However, understanding economic productivity is essential to making good decisions about outsourcing and subcontracting.

The basic calculation of economic productivity is as follows:

Economic Productivity = Value/Cost

Factors affecting Productivity:

The following are the factors that affect the productivity:

(i) Technology

Technological factors including the degree of mechanization how raw materials, layout and the method and techniques of work determine the level of technological development in any industry. New technology developments and R&D development improve the productivity.

(ii) Human resources

Education of the employee's favours the improvement of the productivity.

Motivation o ft he employees improves the efficiency of the productivity.

(iii) Government policy

Government can eliminate unnecessary regulations and make productivity effectively.

(iv) Machinery and Equipment design

Whether design of machinery and equipment is modern and in keeping with the limitations and capacities of the workers will also determine the production efficiently and level of productivity. Modern machineries and equipment also increase the productivity.

(v) Skill of the workers

Well trained and experienced employees lead to effective productivity.

(vi) Capital

Increased capital investment results in increased productivity. This capital also increases other factors such as market share, low cost, high profit.

(vii) Research and development

Research and development play a vital role in determining the productivity. The research includes the reduction of cost and wastage, new techniques etc. All these factors must help the concern to increase the productivity.

(viii) Trade unions

Some trade unions create some unnecessary problems in the company and start strike and lock out the company. It decreases the productivity. Efficient top management executives smoothly handle the trade unions to carry out the positive effect.

(ix) Raw materials & Production processes

Improved quality of raw materials and increased use of power have a favorable effect on productivity. Advanced production processes involving the use of Modern integrated and automatic machinery and semi processed material have been known t o help in raising levels of productivity.

(x) Plant and job layout

Productivity can be increased through modern tools. A proper maintenance of plant and equipment increases the productivity. The arrangement of machines and position in the plant is called job layout. The setup of the work-bench of an individual worked will determine how

economically and efficiently production will be ferried out.

(xi) Land and Buildings

Working environment must be suitable for employees. A poor plant layout and construction will affect the productivity.

(xii) The size of the plant

The size of the plant and the capacity utilization has direct bearing on productivity. Production below or above t he optimum level will be uneconomical and will tend towards lower level of productivity.

5	**List out the need and characteristics of MIS. (May 2016)**

Definition:

MIS can be defined as ― A system of obtaining, abstracting, storing and analyzing data to produce effective information or use in planning, controlling and decision making process.

Characteristics of Good Management Information System :

• Information must be clear and conciseness.

•The   information   should   be   relevant   the   business   organization. Unnecessary information should be avoided.

• MIS must be simple and easy to understand.

• It must help in the process of decision making and corrective actions.

• MIS should help in solving the complicated problems effectively.

Need of MIS:

1. Internal factors

•**Resources:**   This   involves   the   analysis   of   available   resources   in   the organization like money, material, machines and etc.

•**Planning and control information:** To get required information   about budgets, sales forecasts etc.

•**Operational information:** The technique evaluates the overall operations of the business.

•**Production function:** It is required to increase the production,   Product quality and to reduce wastages etc.

• **Marking function:** To obtain required information for plan sales forecast, advertising budget consumer satisfaction, sales value competitors etc.

2. External Factors:

•Political and Government: This involves information about political fiscal policies, government policies, procedures, rules and regulations.

•Economic condition: To get required information such as money

 value, GNP, Inflation rate interest rate etc.

•Technology: To get information's about new advanced machinery,

 new process etc.

| 6 | **Explain the uses of computers and IT in management control?** |

(April 2017, Nov 16)

The rise of information technology has paved the way for various innovations. With the digitization of information, more and more businesses are increasingly leveraging the benefits of digital tools to improve their prospects. Information technology has been crucial in turning this process into a complete success. Information technology has dramatically transformed the lives of individuals. It provides businesses the scope to analyze data and plan business strategies accordingly. Utilizing information technology means that the data analysis is accurate, thus optimizing profits. Information technology has had a major impact on various aspects of businesses. Let's take a look at some of these here.

1. Cloud Computing

The concept of cloud computing is immensely popular among businesses owing to the efficiency in business operations that it provides. Cloud computing utilizes information technology to capitalize on its ability to provide improved agility and time and resource management for businesses. Increasingly, businesses are shifting to the cloud to leverage its many benefits. It has been predicted that more than $1 trillion will be impacted in IT spending by the transition of businesses to cloud computing by 2020.

"Cloud-first strategies are the foundation for staying relevant in a fast-paced world," Ed Anderson, research VP at the analyst firm, Gartner pointed out, "The market for cloud services has grown to such an extent that it is now a notable percentage of total IT spending, helping to create a new generation of start-ups and "born in the cloud" providers." A good Internet connection and a commendable WiFi connectivity are important to accomplish this.

2. Automation of Business Processes

The movement towards increased automation of business processes has gained traction over the years. It improves efficiency and increases workflow considerably. Information technology helps in developing automated processes for businesses. This not only helps in reducing the cost

of operation but also saves time. The time saved can be utilized to focus on other tasks, thus speeding up business processes significantly.

Processes like billing, tracking metrics, collecting customer data, monitoring certain processes etc. can be automated easily. There are numerous automation software that can be utilized for this purpose.

3. Working Remotely

Implementation of information technology provides the ability to remotely access your company's network. As a result, it equips employees with the ability to get the work done even if they are not physically present at the workplace. Such agility has a number of benefits. Therefore, it has gained massive popularity. In fact, according to a U.S. federal government resource, 47% of the employees are eligible to work remotely.

Ian Adams, head of strategic marketing development at the outsourcing company, Mitie pointed out, "We're seeing greater collaboration between HR, IT, property and facilities management and job titles like 'workplace director' making this agile workplace happen."

4. Mobile Technology

Mobile technology has picked up momentum owing to its convenience, efficiency and speed. With the rise in the popularity of information technology, implementation of mobile technology has gained ground quickly. The trend of BYOD (Bring Your Own Device) is on the rise owing to increased employee satisfaction. As many as 74% of the organizations are already utilizing this trend or plan on doing so in the future. In fact, the BYOD market is estimated to reach $181.39 billion by 2017. Mobile technology takes business communication to a whole new level. A mobile team can improve the workplace productivity considerably. There are numerous ways to integrate mobile technology in the workplace. In fact, chances are, your employees are already using it.

5. Protecting Information

Every organization has a mammoth database comprising various information related to business transactions, client details and so on. Such information is extremely valuable to a business and can cause a host of legal issues if it is lost. This is where information technology becomes relevant. It provides the right resources to store the information in a way that ensures maximum protection.

Virtual storage systems can keep information safe by allowing a limited number of users to access these. Increased protection also ensures that these systems are not hacked and the information is not wiped out owing to some problems. Therefore, information technology helps in upholding business integrity.

6. Providing Customer Satisfaction

Customer experience and satisfaction are crucial aspects of all businesses. The key to customer satisfaction is a strong customer support team and its availability to cater to the requirements of the customers. Information technology provides the best tools for communicating with customers and solvingtheir problems in real time. It has unlocked the facilities like Email, social media and other messaging platforms for this purpose.

A happy customer-base is important for the growth of a business. Various cloud-based communication channels have made customer experience more improved.

7. Management of Resources

A business has a variety of resources. These may include financial resources, human resources and so on. For large organizations, managing resources becomes quite difficult. Information technology plays a vital role in managing these resources effortlessly by introducing a wide range of feasible solutions. For example, the integration of Enterprise Resource Planning (ERP) has improved the efficiency of various business processes. ERP is a business management software that enables an organization to use a series of integrated applications that can manage and automate various business operations. Information technology is at the core of such software. The implementation of ERP is progressing at a rapid rate with more and more businesses implementing this efficient technology to make certain business processes hassle-free.

8. Open Source Software

Information technology has paved the way for various open source software that allow free usage of certain tools for various organizations. The primary benefit of open source software is its flexible license. This allows modifications to the source code. This means that you have the facility to customize its functions according to your requirements. Almost every software that businesses use has open source variants that are widely available on the Internet. Utilizing these could mean multiple benefits at reduced expenses. Such benefits of the increased implementation of information technology have provided businesses with competitive advantages. What matters most is, how businesses are utilizing this technology to maximize their profits and ensure long-term success. Done right, this can help your business scale new heights.

7	**What are the effective steps for direct control and preventive control? (May 2016)**
	Direct Control:
	In the organization some employee's performance may be poor. To find out those employees and to correct their performance and to achieve the organization goals.
	Factors influencing the direct control:
	The following factors influence the direct control.
	• Uncertainty

- Lack of knowledge experience
- Lack of communication
- Lack of coordination.

Effective steps for direct control

- Success of direct control in an organization depends upon the following factors.
- Performance can be measured
- Effectively utilizes time
- Errors can be discovered in time

  Participation

- Coordination.

Preventive control

An efficient manager applies the skills in managerial philosophy to eliminate

Undesirable activities which are the reasons for poor management. This is called

Preventive control.

Effective steps for preventive control,

- Qualified managers
- Management principles to measure performance
- Evaluation

Advantages:

- It is better than direct control.
- This control is fast and quick.
- It gives greater accuracy.
- Prevention is better than cure.
- This reduces wastage of cost

8	**Enumerate the techniques of controlling. (May 2019)**

There are 10 types of traditional controlling techniques:

1.Direct Supervision and Observation

'Direct Supervision and Observation' is the oldest technique of controlling. The supervisor himself observes the employees and their work. This brings him in direct contact with the workers. So, many problems are solved during supervision. The supervisor gets first hand information, and he has better understanding with the workers. This technique is most suitable for a small-sized business.

2. Financial Statements

All business organizations prepare Profit and Loss Account. It gives a summary of the income and expenses for a specified period. They also prepare Balance Sheet, which shows the financial position of the organization at the end of the specified period. Financial statements are used to control the

organization. The figures of the current year can be compared with the previous year's figures. They can also be compared with the figures of other similar organizations.

Ratio analysis can be used to find out and analyze the financial statements. Ratio analysis helps to understand the profitability, liquidity and solvency position of the business.

3. Budgetary Control

A **budget** is a planning and controlling device. Budgetary control is a technique of managerial control through budgets. It is the essence of financial control. Budgetary control is done for all aspects of a business such as income, expenditure, production, capital and revenue. Budgetary control is done by the budget committee.

4. Break Even Analysis

Break Even Analysis or Break Even Point is the point of no profit, no loss. For e.g. When an organization sells 50K cars it will break even. It means that, any sale below this point will cause losses and any sale above this point will earn profits. The Break-even analysis acts as a control device. It helps to find out the company's performance. So the company can take collective action to improve its performance in the future. Break-even analysis is a simple control tool.

5. Return on Investment (ROI)

Investment consists of fixed assets and working capital used in business. Profit on the investment is a reward for risk taking. If the ROI is high then the financial performance of a business is good and vice-versa.

ROI is a tool to improve financial performance. It helps the business to compare its present performance with that of previous years' performance. It helps to conduct inter-firm comparisons. It also shows the areas where corrective actions are needed.

6. Management by Objectives (MBO)

MBO facilitates planning and control. It must fulfill following requirements :-

1. Objectives for individuals are jointly fixed by the superior and the subordinate.

2. Periodic evaluation and regular feedback to evaluate individual performance.

3. Achievement of objectives brings rewards to individuals.

7. Management Audit

Management Audit is an evaluation of the management as a whole. It critically examines the full management process, i.e. planning, organising, directing, and controlling. It finds out the efficiency of the management. To check the efficiency of the management, the company's plans, objectives, policies, procedures, personnel relations and systems of control are examined very carefully. Management auditing is conducted by a team of experts. They collect data from past records, members of management, clients and employees. The data is analysed and conclusions are drawn about managerial performance and efficiency.

8. Management Information System (MIS)

In order to control the organisation properly the management needs accurate information. They need

information about the internal working of the organisation and also about the external environment. Information is collected continuously to identify problems and find out solutions. **MIS** collects data, processes it and provides it to the managers. MIS may be manual or computerised. With MIS, managers can delegate authority to subordinates without losing control.

9. PERT and CPM Techniques

Programme Evaluation and Review Technique (**PERT**) and Critical Path Method (**CPM**) techniques were developed in USA in the late 50's. Any programme consists of various activities and sub-activities. Successful completion of any activity depends upon doing the work in a given sequence and in a given time

Importance is given to identifying the critical activities. Critical activities are those which have to be completed on time otherwise the full project will be delayed.

So, in these techniques, the job is divided into various activities / sub-activities. From these activities, the critical activities are identified. More importance is given to completion of these critical activities. So, by controlling the time of the critical activities, the total time and cost of the job are minimised.

10. Self-Control

Self-Control means self-directed control. A person is given freedom to set his own targets, evaluate his own performance and take corrective measures as and when required. Self-control is especially required for top level managers because they do not like external control.

The subordinates must be encouraged to use self-control because it is not good for the superior to control each and everything. However, self-control does not mean no control by the superiors. The superiors must control the important activities of the subordinates.

9	**Write short notes on Modern Methods of Controlling in detail. (Dec 2019)**
	Modern Techniques:
	These are the techniques which are generally preferred by the large scale businesses in this modern era as these are common control techniques such as:
	A. Return On Investment (ROI): This technique is also known as return on capital employees. The essence of this approach is that profit is not taken as an absolute figure but it is considered in relation to capital invested. With this method we can compare the earnings of one company with other even when they have invested different capital because it determines the ratio of earning and not the absolute earning. The rate of return can be calculated by using following formula:
	$$ROI = \frac{Net\ Income}{Total\ Investment}$$
	B. Ratio Analysis: It refers to evaluation and analysis of financial statements by calculating some

important ratios. The common ratios which help to draw important conclusions from the financial statements are:

a. Liquidity Ratio: This ratio helps to measure the ability of businessmen to pay the amount due to various stakeholders. These also helps to know the short term solvency of firms. Common ratios which are calculated are:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} \qquad \text{Quick Ratio} = \frac{\text{Cash} + \text{Receivables}}{\text{Current Liabilities}}$$

b. Solvency Ratio: This ratio is calculated to find out the long term solvency of firms. It helps to find the ability of firm to pay back its debts. The common ratios which are calculated are:

$$\text{Debt Equity Ratio} = \frac{\text{Debt}}{\text{Equity Shareholders Fund}} \qquad \text{Proprietary Ratio} = \frac{\text{Shareholders Fund}}{\text{Total Assets}}$$

c. Profitability Ratio: These ratios are calculated to find out the profitability position of the firm. These ratios measure the relationship between profit and sales. The common ratios used by the companies to measure the profitability are:

$$\text{Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Net Sales}} * 100 \qquad \text{Net Profit Ratio} = \frac{\text{Net Profit}}{\text{Net Sales}} * 100$$

d. Turnover Ratios: These ratios are calculated to determine the efficient utilization of resources. Higher turnover indicate efficient utilization whereas lower turnover means inefficient utilization of resources. The common turnover ratios are:

$$\text{Stock Turnover Ratio} = \frac{\text{Cost of goods Sold}}{\text{Average Stock}}$$
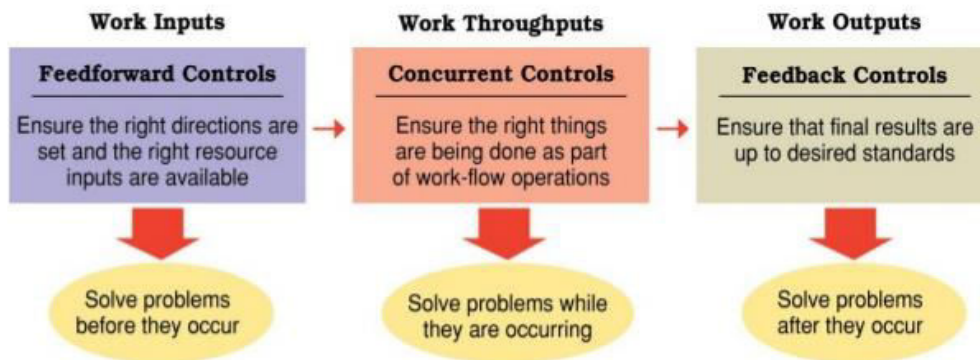
$$\text{Debtors Turnover Ratio} = \frac{\text{Net credit Sales}}{\text{Avg. account receivables}}$$

C. Responsibility Accounting: This technique of controlling organization is divided into various responsibility centres and head of each centres are generally various sections or departments of an organization and the head of the department is considered as "Responsibility Head" as he is responsible for the overall growth and achievement of his department or centre. Following are the various types of centres:

- Cost Centre

- Revenue Centre

- Profit Centre

- Investment Centre

D. Management Audit: This control technique helps to measure the efficiency level of managers. Financial audit has been used by firm from long time but the management audit is a new concept. Management audit is a comprehensive and constructive review of the performance of management team of any organization. It reviews overall plan and policies of managers. It would highlight possible opportunities for the organization. It ensures updating of existing managerial policies and strategies in the light of environment changes.

E. Network Techniques (PERT & CPM): Progamme Evaluation and Review Technique provides managers with the information they need in planning and controlling schedules and cost in development projects. Under Critical Path Method the project is analysed into different operations or activities and their relationships are determined and shown on the network diagrams.

F. Management Information System (MIS): This technique provides information and support for effective managerial decision making. Right decision can be taken at the right time only when managers receive accurate and timely information. MIS is a communication tool for managers by which they can take timely actions from the standards.

10	**Critically evaluate feed forward and feedback systems in controlling. (Dec 2021)**
	Types of control:
	    1. **Feed Forward Control**
	    2. **Concurrent Control**
	    3. **Feedback Control**
	
	Feed Forward Control
	  • Is a preliminary control
	  • Takes place before operations begin and includes the development of policies, procedures and rules that are designed to ensure that planned activities will be carried out properly.
	  • It is a future directed control method
	
	Concurrent Control
	  • Takes place during the action phase of carrying out the plans and includes direction, monitoring and adjusting the activities as they occur
	  • It is the heart of any operating control system
	
	Feedback Control
	  • Measures outputs of a process and feed into the system or inputs for corrective action to obtain desired outputs.

- Feedback controls do have two advantages. First, feedback gives managers meaningful information on how effective their planning efforts were. Feedback that shows little variance between standard and actual performance indicates that the planning was generally on target. If the deviation is significant, a manager can use that information to formulate new plans. Second, feedback can enhance motivation. People want to know how well they're doing and feedback provides that information.

Work Inputs	Work Throughputs	Work Outputs
Feedforward Controls	**Concurrent Controls**	**Feedback Controls**
Ensure the right directions are set and the right resource inputs are available	Ensure the right things are being done as part of work-flow operations	Ensure that final results are up to desired standards
Solve problems before they occur	Solve problems while they are occurring	Solve problems after they occur

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